IN THE GENERAL DIVISION OF THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

HC/OA /2022

In the matter of Section 252 and the Third Schedule of the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018)

And

In the matter of Article 15 of the UNCITRAL Model Law on Cross-Border Insolvency

And

In the matter of the Appointment of Liquidators in the High Court of the Territory of the British Virgin Islands over Three Arrows Capital Ltd (BVI Company No. 1710531) on 27 June 2022, by way of BVIHC(COM)2022/0119 and BVIHC(COM)2022/0117

And

In the matter of THREE ARROWS CAPITAL LTD (BVI Company No. 1710531)

1. **THREE ARROWS CAPITAL LTD (BVI Company No. 1710531)**

2. **CHRISTOPHER FARMER, solely in his capacity as a duly appointed joint liquidator of Three Arrows Capital Ltd (Passport No. 525512120)**

3. **RUSSELL CRUMPLER, solely in his capacity as a duly appointed joint liquidator of Three Arrows Capital Ltd (Passport No. 537127838)**

…Applicant(s)

AFFIDAVIT

I, **RUSSELL CRUMPLER** (Passport No **537127838**), c/o Teneo (BVI) Limited, 3rd Floor, Banco Popular Building, Road Town, Tortola, VG-1110, British

Virgin Islands, do solemnly and sincerely affirm and say as follows:

1. I am one of the two joint liquidators of Three Arrows Capital Ltd (BVI Company No. 1710531) (the "**Company**"), appointed by the High Court of the Territory of the British Virgin Islands ("**BVI**") on 27 June 2022, by way of proceedings in Claim No. BVIHC (COM) 2022/0119 ("**Company's Liquidation Application**"), which was an application by the Company for it to be placed into liquidation, where the BVI Court took note of Claim No. BVIHC (COM) 2022/0117 ("**Creditor's Liquidation Application**"), which is a prior application by a creditor of the Company, DRB Panama Inc ("**DRB Panama**") for the Company to be placed into liquidation (collectively, the "**Liquidation Proceedings**"). I am duly authorised to make this affidavit on behalf of myself and my joint liquidator, Mr Christopher Farmer ("**Mr Farmer**"). I refer to Mr Farmer and myself jointly as the "**Liquidators**".

2. Insofar as the matters deposed to herein are within my personal knowledge, they are true. Insofar as the matters deposed herein are based on information or documents available to me, they are true to the best of my knowledge, information or belief.

3. I make this affidavit in support of the Liquidators' application (the "**Application**") for, amongst others, the following orders:

    (a) The Liquidation Proceedings be recognised by the Singapore Courts and in Singapore as a foreign proceeding pursuant to Article 17 of the UNCITRAL Model Law on Cross-Border Insolvency ("**Model Law**") as adopted in Singapore by way of Section 252 and the Third Schedule of the Insolvency, Restructuring and Dissolution

Act 2018 (No. 40 of 2018) ("**IRDA**");

(b) The Liquidators be recognised by the Singapore Courts and in Singapore as foreign representatives within the meaning of Article 2(i) of the Model Law;

(c) So long as the Liquidation Proceedings, including any extensions thereto, are in force, except with the consent of the Liquidators or with leave of the Court (subject to such terms as the Court may impose):

(i) Commencement or continuation of individual actions or individual proceedings concerning the Company's property, rights, obligations or liabilities, including without limitation HC/OA 247/2022 and all orders made thereunder, is stayed in accordance with Article 21(1)(a) of the Model Law;

(ii) Execution against the Company's property be stayed in accordance with Article 21(1)(b) of the Model Law;

(iii) The right to transfer, encumber or otherwise dispose of any property of the Company is suspended in accordance with Article 21(1)(c) of the Model Law.

(d) The Liquidators, so recognized, are empowered to examine witnesses, take evidence or delivery of information concerning the Company's property, affairs, rights, obligations or liabilities in accordance with Article 21(1)(d) of the Model Law, including without limitation:

(i) to take and/or receive any documents belonging to the Company and/or obtain production of the same, which for the avoidance of doubt includes legal and other professional advice, from any third party with possession, custody, or power of the said documents belonging to the Company; and

(ii) to access and obtain books, records and/or other information and documents from the premises in Singapore where the Company or its agents or affiliates engaged in any business or activities, including the premises at 7 Suntec Tower One, #21-04 Temasek Boulevard, Singapore 038987.

(e) The Liquidators are entrusted with the administration, realisation, and distribution of all or any part of the property and assets (and any proceeds thereof) of the Company located in Singapore, in accordance with Articles 21(1)(e) and 21(2) of the Model Law, including without limitation, any electronic or other assets from the premises in Singapore where the Company or its agents or affiliates engaged in any business or activities, including the premises at 7 Suntec Tower One, #21-04 Temasek Boulevard, Singapore 038987,

(f) The Liquidators, so recognised:

(i) have the standing to make an application to the Court under Article 23(1) of the Model Law for orders or relief under or in

connection with Sections 130, 205, 224, 225, 228, 229, 238, 239, 240 and 438 of the IRDA and Section 131(1) of the Companies Act 1967 ("**CA**")

(ii) are granted the following relief under Article 21(1)(g) of the Model Law:

a. the like powers in relation to Company's property and assets (and any proceeds thereof) as are available to a Singapore insolvency officeholder, including any relief provided under Section 96(4) IRDA; and

b. the standing to make applications to the Court for orders or reliefs pursuant to Sections 130, 205, 224, 225, 228, 229, 238, 239, 240 and 438 IRDA and Section 131(1) CA in respect of any preferences given, floating charges created, alienation, assignation or other transaction entered into before 23 May 2017 to which Article 23(1) of the Model Law would not apply as a result of the operation of Article 23(9) of the Model Law.

4. The Liquidators will also be filing a summons under this Application for all of the interim relief stated in Article 19 of the Model Law pending the determination of the Application, as relief is urgently needed to protect the Company's property and its creditors' interests, especially in the light of the behaviour of the Company's directors (and former directors), the nature of the Company's business and its assets (primarily cryptocurrency and non-

fungible tokens ("**NFTs**")).

5. Such interim relief will be filed in a subsequent summons where, amongst others, the following orders will be sought:

(a) Pending the final determination of the present Application, and except with the consent of the Liquidators or with leave of the Court:

(i) Commencement or continuation of individual actions or individual proceedings concerning Company's property, rights, obligations or liabilities, including without limitation HC/OA 247/2022 and all applications made thereunder, is stayed in accordance with Article 19(1)(c) of the Model Law, read with Article 21(1)(g) of the Model Law and s 96(4)(c) of the IRDA.

(ii) No order may be made, and no resolution may be passed, for the winding up of the Company in Singapore in accordance with Article 19(1)(c) of the Model Law, read with Article 21(1)(g) of the Model Law and section 96(4)(a) of the IRDA.

(iii) No receiver or manager may be appointed over any property or undertaking of the Company in Singapore in accordance with Article 19(1)(c) of the Model Law, read with Article 21(1)(g) of the Model Law and section 96(4)(b) of the IRDA.

(iv) Execution against the Company's property is stayed in accordance with Article 19(1)(a) of the Model Law.

(v) No step may be taken to enforce any security over any property of the Company in Singapore, or to repossess any goods under any hire-purchase agreement, chattels leasing agreement or retention of title agreement in Singapore in accordance with Article 19(1)(c) of the Model Law, read with Article 21(1)(g) of the Model Law and section 96(4)(e) of IRDA.

(vi) No right of re-entry or forfeiture under any lease in respect of any premises occupied by the Company may be enforced in Singapore in accordance with Article 19(1)(c) of the Model Law, read with Article 21(1)(g) of the Model Law and section 96(4)(f) of the IRDA.

(vii) The right to transfer, encumber or otherwise dispose of any property of the Company is suspended in accordance with Article 19(1)(c) read with Article 21(1)(c) of the Model Law.

(b) The administration or realisation of all or part of the property of the Company located in Singapore be hereby entrusted to the Liquidators, in order to protect and preserve the value of property that, by its nature or because of other circumstances, is perishable, susceptible to devaluation or otherwise in jeopardy in accordance with Article 19(1)(b) of the Model Law, which shall include without limitation, accessing and obtaining electronic assets or other assets from the premises in Singapore where the Company or its agents or affiliates engaged in any business or activities, including the

premises at 7 Suntec Tower One, #21-04 Temasek Boulevard, Singapore 038987.

(c) The Liquidators shall be authorised to conduct the examination of witnesses, the taking of evidence or the delivery of information concerning the Company's property, affairs, rights, obligations or liabilities in accordance with Article 19(1)(c) read with Article 21(1)(d) of the Model Law, including without limitation:

(i) to take and/or receive any documents belonging to the Company and/or obtain production of the same, which for the avoidance of doubt includes legal and other professional advice, from any third party with possession, custody, or power of the said documents belonging to the Company; and

(ii) to access and obtain books, records and/or other information and documents from the premises in Singapore where the Company or its agents or affiliates engaged in any business or activities, including the premises at 7 Suntec Tower One, #21-04 Temasek Boulevard, Singapore 038987.

6. For the purposes of this affidavit, in particular to provide information on the Company and to explain the Company's financial troubles and the circumstances leading up to the Company being placed into liquidation I will be making references to the following affidavits filed by the Company as well as the Company's various creditors in support of the Liquidation

Proceedings:

(a) The 1st affidavit of Jos Van Grinsven dated 24 June 2022 ("**DRB Affidavit**"), filed on behalf of DRB Panama in support of the Creditor's Liquidation Application. A copy of the DRB Affidavit (with its exhibits) is now shown to me and exhibited hereto as "**RC-1**".

(b) The 1st Affidavit of Charles McGarraugh dated 27 June 2022, filed on behalf of Blockchain Access UK Ltd ("**Blockchain Affidavit**"), a creditor of the Company in support of the Creditor's Liquidation Application. A copy of the Blockchain Affidavit (with its exhibits) is now shown to me and exhibited hereto as "**RC-2**".

(c) The 1st affidavit of Kyle Livingston Davies ("**Kyle Davies**") ("**3AC Affidavit**") (filed under cover of the 1st Affidavit of Robert Gardner dated 27 June 2022), filed on behalf of the Company in support of the Company's Liquidation Application. A copy of the 3AC Affidavit (with its exhibits) is now shown to me and exhibited hereto as "**RC-3**".

I. THE COMPANY

7. The Company was incorporated on 3 May 2012 in the British Virgin Islands ("**BVI**") and was founded by Su Zhu and Kyle Davies (Su Zhu and Kyle Davies were also two of the directors of the Company at the time of the Company's Liquidation Application; the third director being Mark Dubois, a resident of the BVI). The registered office of the Company is c/o ABM Corporate Services Ltd., ABM Chambers 1st Floor, Columbus Centre, P.O.

Box 2283, Road Town, Tortola, British Virgin Islands, VG1110. Copies of the Company's certificate of incorporation and company search dated 23 June 2022 are now shown to me and exhibited hereto as "**RC-4**".

8. According to the papers filed by the Company in the Company's Liquidation Application, the Company is registered as a "professional fund" with the Financial Services Commission of the BVI (3AC Affidavit at p 203) and as defined under the Securities and Investment Business Act 2010 ("**SIBA**") of the BVI (3AC Affidavit at [9]). I am advised that this means that the Company is recognised and regulated as a professional fund under the SIBA and the Mutual Funds Regulations (Revised 2020) of the BVI. A copy of the SIBA and the Mutual Funds Regulations are now shown to me and exhibited hereto as "**RC-5**".

9. I also understand from the papers filed by the Company that it first began trading in traditional currencies in emerging markets, before diversifying into options, equities and cryptocurrency (3AC Affidavit at [8]). By 2018, the Company was trading entirely in cryptocurrency and eventually became recognised a prominent cryptocurrency hedge fund which had operations in Singapore (which I understand were in the process of being transferred to the UAE) and which the Liquidators understand may have had over US$3 billion worth of digital assets under its management as of April 2022 according to a Wall Street Journal article dated 17 June 2022. The exact value of the fund is, however, unknown, with one blockchain analytics firm Nansen previously estimating the fund's assets at US$10 billion as reported in Fortune on 16 June 2022. Copies of the aforementioned Wall Street

Journal and Fortune articles are now shown to me and exhibited hereto as "**RC-6**".

10. The investor/investment framework for the Company is also elaborated on in the papers filed by the Company. According to Kyle Davies, the investors in the Company are two entities, namely Three Arrows Fund, Ltd (a BVI company known as the "**Offshore Feeder**") and Three Arrows Fund, LP (a Delaware company known as the "**Onshore Feeder**") (the Offshore Feeder and the Onshore Feeder are collectively referred to as the "**Feeder Funds**"). The Feeder Funds are designed to pool the assets of individual investors, which are then entirely invested into the Company (3AC Affidavit at paragraph 9).

11. My Kyle Davies has also stated that the Company's present investment manager is ThreeAC Limited, a BVI company, which was appointed sometime around July/August 2021 (3AC Affidavit at paragraph 10). I am aware that at least two of the directors of ThreeAC Limited, who are based in the Cayman Islands, have very recently resigned.

12. Due to the virtual radio silence from the management/directors of the Company (ie, Su Zhu and Kyle Davies) (which I elaborate on further below at [V.40]), no organisation chart / summary of organisation structure has been provided to the Liquidators. Nonetheless, the Liquidators have had the opportunity to investigate the affairs of the Company since their appointment and based on the information and documents reviewed, a structure chart setting out the Company, its known shareholder, investment manager, relationship with the Feeder Funds, and the founders of the

Company has been prepared. A copy of the structure chart is now shown to me and exhibited hereto as "**RC-7**".

II. THE COMPANY'S FINANCIAL TROUBLES AND THE CONDUCT OF ITS FOUNDERS

13. A (once) substantial part of the Company's investment portfolio is said to be in a cryptocurrency known as Luna, which is associated with a stablecoin, TerraUSD (3AC Affidavit at paragraph 17). This has been said to involve an initial investment of about US$200 million as of February 2022 (DRB Affidavit at paragraph 11.2) leading up to the Company holding on to approximately US$600 million worth of TerraUSD and Luna as of 9 May 2021 (3AC's Affidavit at paragraph 17). In May 2022, there was a sudden collapse in the values of TerraUSD and its sister token, Luna, which effectively rendered TerraUSD and Luna worthless (3AC Affidavit at paragraph 18). The Company also had holdings in a variety of crypto ventures whose tokens have performed badly in recent months, with cryptocurrency prices generally suffering steep declines (DRB Affidavit at paragraphs 11.2 and 11.3).

14. On 17 June 2022, it was variously reported in the Financial Times, the Wall Street Journal and Fortune that, amongst other things, the Company had failed to meet its margin calls with various digital currency lending firms, the Company had hired legal and financial advisers to work out a solution for its investors and lenders, and that after US$400 million in liquidations, the Company was reportedly facing insolvency (DRB Affidavit at paragraphs 11.4 to 11.6). Copies of the Wall Street Journal and Fortune articles have

been exhibited above as "**RC-6**". A copy of the Financial Times article is now shown to me and exhibited hereto as "**RC-8**".

15. It appears that the Company had ceased to engage meaningfully with creditors since approximately mid-June 2022, notwithstanding its substantial debts and considerable amount of adverse press. This generated a significant amount of concern amongst the Company's creditors (DRB Affidavit at paragraphs 11.6(b) and 32, and, Blockchain Affidavit at paragraphs 17 to 24).

16. It appeared from an article dated 17 June 2022 on Crypto News Flash that the Company had been selling its cryptocurrency holdings in order to pay off its outstanding loans and debts (DRB Affidavit at paragraph 39). A copy of the article on Crypto News Flash article is now shown to me and exhibited hereto as "**RC-9**".

17. DRB Panama checked various wallet addresses for the Company and whilst they were able to see transfers have occurred, but were unable to identify to whom the Company's funds had been transferred and for what purposes the Company's funds had been transferred. Some of these transactions, including the following, had only served to compound the Company's creditors' concerns (DRB Affidavit at paragraphs 42 and 43):

    (a) On 14 June 2022, the Company transferred approximately US$30.7 million in USDC and US$900,000 in USDT (with USDC and USDT being stablecoins whose values are pegged to the US Dollar) to the wallet of Tai Ping Shan Limited, a Cayman Islands company indirectly owned by Su Zhu and Kyle Davies's partner, Kelly Kaili

Chen. It was unclear where those funds subsequently went.

(b) The Company withdrew a total of 14,900 Ether (a type of cryptocurrency token) (equating to approximately US$17 million) from a cryptocurrency exchange, FTX. The Company then transferred 4,790 Ether to another wallet held by the Company and transferred, 10,140 Ether to a wallet tagged as "Fund 0x3BA". 10,140 Ether was then transferred from "Fund 0x3BA" to a wallet held with Aave, an open source liquidity protocol that allows users to lend and borrow cryptocurrency. It was unclear why the Company continued to trade cryptocurrency rather than respond to margin calls from its lenders.

(c) On 16 June 2022, the Company transferred approximately US$10.9 million in USDT to an unknown address, which, prior to that transfer, had not received or transferred any funds in the past 2 years. The USDT was then transferred out 6 minutes later, to another unknown address.

18. Some of these transactions might have been the result of margin calls on loans taken out by the Company, as stated in the 3AC Affidavit at paragraph 20. However, no specificity is provided as to the margin calls, and the lack of transparency on these transactions meant that while the Company's creditors could see transactions to and from the Company's wallet, the creditors had no real visibility as to the extent to which the Company was selling its cryptocurrency holdings, for what purpose it was currently selling those holdings, whether the money was being used to repay some of the

Company's creditors and not others or whether the Company was continuing to trade, potentially to the detriment of its creditors (DRB Affidavit at paragraph 44).

19. The Company's conduct was especially concerning given that cryptocurrency, by its nature, is difficult to secure and is difficult to recover if it has been dissipated (DRB Affidavit at paragraph 46). While the transfer of funds can be traced on the blockchain, the ease with which it can be transferred and the anonymity of wallet addresses create serious barriers to recovery. Cryptocurrency can, for example, be transferred into cold wallets, *ie*, wallets that are "offline" and not connected to the internet. Once cryptocurrency is transferred into cold wallets, the assets are incredibly difficult to locate in the real world. For example, while the cryptocurrency may be traced to the cold wallet, the identity of the person holding the cold wallet and the physical location of the cold wallet would be very difficult to identify.

20. In the face of the transactions involving the Company's assets which creditors could not be certain of the purpose of, the conduct of Su Zhu and Kyle Davies (the founders of the Company and directors (up to the time of the Company's Liquidation Application)) only served to heighten the Company's creditors' concerns.

21. In addition to ignoring any attempts by the Company's creditors to reach out to the Company, Su Zhu and Kyle Davies had also reportedly made a down-payment on a US$50 million yacht, with the yacht to be delivered sometime in the next two months in Italy, at which point the remaining

purchase price will presumably fall due. There has been speculation that the yacht was purchased with borrowed funds (Blockchain Affidavit at paragraphs 44 and 45).

22. It also appears that:

(a) In December 2021, Su Zhu acquired an option to purchase a S$48.8 million Good Class Bungalow (size approximately 2960 square meters) in Singapore. Completion took place in March 2022. Su Zhu and his wife are joint tenants of the property, but the property is purportedly being held on trust for their three-year old son. The property is presently unencumbered (ie, no mortgage) which suggests that the entire purchase price was paid by the purchaser upfront without taking out any loans. A copy of the Singapore Titles Automated Registration System Report on the property dated 20 June 2022 is now shown to me and exhibited hereto as "**RC-10**". On 1 July 2022, The Straits Times, in a report titled "*Crypto billionaire Zhu Su's good class bungalows may be up for sale after collapse of Three Arrows*" ("**ST Report**"), stated that there was:

> *… a text message circulating among property agents claiming that "there is a very urgent sale in the market for a GCB in Yarwood right now" and the owners want "to sell fast". The property "transacted last year [ie, 2021] at $48.8M ($1,532 psf) [which will translate to approximately 2960 square meters]*

(b) There is another Dalvey Road bungalow (Lot No TS25-00698P) which was purchased under the name of Su Zhu's wife in September 2020 for S$28.5 million.

A copy of the ST Report is now shown to me and exhibited hereto as "**RC-11**".

23. At this stage, it is unclear how the assets of the Company were dealt with by its founders and whether the assets of the Company were used toward the purchases that they have been making. However, ahead of provision of detailed information on the assets of the Company, which has not been forthcoming as of the date of this affidavit in spite of the Liquidators' requests to the Company, the founders of the clearly insolvent Company should not be allowed to deal with what may be assets of the Company.

III. THE COMPANY HAS BEEN PLACED INTO LIQUIDATION IN THE BVI

24. I outline in this section the procedural history of the Liquidation Proceedings.

25. On 24 June 2022, DRB Panama filed the Creditor's Liquidation Application, which is an application in the High Court of the Territory of the BVI by way of BVIHC(COM)2022/0117 to place the Company into liquidation and for myself and Mr Farmer (*ie*, the Liquidators) to be appointed the joint liquidators of the Company. A copy of the Originating Application is now shown to me and exhibited hereto as "**RC-12**".

26. Given the Company's parlous financial position, coupled with the Company's refusal to engage in meaningful communication with DRB Panama and the lack of visibility over how the Company was dealing with its assets, DRB Panama filed an application on the same day (24 June 2022) for Mr Christopher Farmer and Mr Russell Crumpler to be appointed

as joint provisional liquidators over the Company on an urgent basis. A copy of the Ordinary Application is now shown to me and exhibited hereto as "**RC-13**".

27. Shortly after this, the Company itself (as opposed to its creditors) had on 27 June 2022 also filed the Company's Liquidation Application, which is an application in the High Court of the Territory of the BVI by way of BVIHC(COM)2022/0119 to place itself into liquidation and for Mr Charlotte Caulfield and Mr Paul Prelove to be appointed as liquidators. A copy of the Company's Originating Application is now shown to me and exhibited hereto as "**RC-14**".

28. I have at [1] above defined the term "**Liquidation Proceedings**" to collectively refer to both the Company's Liquidation Application and the Creditor's Liquidation Application.

29. Though the Creditor's Liquidation Application was filed earlier in time, the Company's Liquidation Application was heard first, by the Honourable Justice Mr Jack (the "**Judge**") in the High Court of the Territory of the BVI on 28 June 2022. The Liquidators understand that in substance, there was no dispute over the need for the Company to be placed into liquidation in the BVI as both a creditor (DRB Panama, supported by other creditors) as well as the Company had applied for it to be liquidated in the BVI. In the circumstances, the provisional liquidation application by DRB Panama was not considered necessary, and the Judge only had to assess who among the competing proposed liquidators was to be appointed.

30. After hearing parties, the Judge made, amongst others, the following orders

("**BVI Liquidation Order**"):

(a) Myself and Mr Farmer be appointed as the Company's Liquidators, with the power to act jointly or severally;

(b) The Liquidators have sanction to seek recognition of the BVI Liquidation Order in any jurisdiction as the Liquidators may deem appropriate;

(c) Claims BVIHC(COM)2022/0119 and BVIHC(COM)2022/0117 to be consolidated under BVIHC(COM)2022/0119.

A copy of the BVI Liquidation Order is now shown to me and exhibited hereto as "**RC-15**".

31. Following the making of the BVI Liquidation Order, the High Court of the Territory of the BVI, in a letter signed by the Judge on 8 July 2022, has respectfully requested the assistance of this Honourable Court to, amongst other things, recognise the Liquidation Proceedings and the appointment of the Liquidators. A copy of the High Court of the Territory of the BVI's letter of request is now shown to me and exhibited hereto as "**RC-16**".

IV. THE LIQUIDATION PROCEEDINGS SHOULD BE RECOGNISED AS A FOREIGN PROCEEDING BY THE SINGAPORE COURTS AND IN SINGAPORE

32. As the Company carries out operations and conducts trading activities from its Singapore premises at 7 Temasek Boulevard, #21-04 Suntec Tower One, Singapore 038987 (see [6] above), it is highly probable that the

Company has assets in Singapore. The Liquidators thus consider it appropriate to seek recognition of the Liquidation Proceedings in Singapore, which has culminated in the present Application.

33. I am advised and verily believe that in accordance with Article 15(3) of the Model Law, one of the pre-requisites to the recognition of the Liquidation Proceedings in Singapore is the Liquidators have to set out all foreign proceedings (as defined under the Model Law) and proceedings under Singapore insolvency law in respect of the Company which are known to the Liquidators. In this regard, the Liquidators are currently only aware of the following:

(a) The Liquidation Proceedings in the BVI;

(b) the present application brought; and

(c) Proceedings commenced before the United States Bankruptcy Court of the Southern District of New York in Case No. 22-10920 ("**US Chapter 15 Proceedings**") on 1 July 2022 for recognition of the Liquidation Proceedings in US under Chapter 15 of the US Bankruptcy Code, as well as appropriate relief following such recognition. A copy of my affidavit in support of the application under Chapter 15 of the US Bankruptcy Code dated 1 July 2022 is now shown to me and exhibited hereto as "**RC-17**". I note that in the US Chapter 15 Proceedings, the Liquidators have sought recognition of the Liquidation Proceedings as a foreign main proceeding under Chapter 15 of the US Bankruptcy Code, and will leave it to my solicitors to make the necessary legal submissions in respect of the

similarities of the relevant provisions in comparison to the Model Law in Singapore.

34. Apart from the above, the Liquidators are presently not aware of any other foreign proceedings (as defined under the Model Law) and proceedings under Singapore insolvency law in respect of the Company.

35. In seeking recognition of the Liquidation Proceedings under the Model Law, I am advised that at minimum, it will need to be shown that the Company has an "establishment" in the BVI, with "establishment" being defined in Article 2(d) of the Model Law to mean "any place where the debtor has property, or any place of operations where the debtor carries out a non-transitory economic activity with human means and property or services".

36. I will generally leave it to my solicitors to make the necessary legal submissions on this but for the time being, will simply point out, amongst other things, the following:

(a) The Company has been incorporated in the BVI since 3 May 2012, more than a decade ago. Copies of the Company's certificate of incorporation and company search dated 23 June 2022 have been exhibited above as "**RC-4**".

(b) Since 2012, the Company has been making the necessary filings in the BVI in connection with its incorporation in the BVI;

(c) As mentioned in the Company's papers filed in the Company's Liquidation Application:

(i) The Company is recognised and regulated as a Professional Fund under the Securities and Investment Business Act 2010 of the BVI;

(ii) The investors in the Company are a BVI Offshore Feeder and a Delaware Onshore Feeder. Funds are pooled from individual investors with the BVI Offshore Feeder before they are invested in the Company.

(iii) The investment manager of the Company is ThreeAC Limited, a BVI company.

(iv) Prior to the appointment of the Liquidators, one of the companies' directors was resident in the BVI. I note that fact was discovered only after our appointment, based on a copy of the register of directors of the Company which the Liquidators have obtained. A copy of the aforementioned register of directors of the Company is now shown to me and exhibited hereto as "**RC-18**".

(d) The Liquidators are, as part of our appointment in the BVI, under a duty, subject to judicial supervision, to conduct an accounting of the assets of and, ultimately, to dissolve the Company and marshal and distribute its assets to its creditors in a fair, legal, and orderly fashion.

(e) In the light of our appointment, the Company's key corporate activities moving forward will be conducted by myself and Mr.

Farmer and will occur in the BVI where we are both resident and licenced to act as Insolvency Practitioners.

(f) In furtherance of our appointment, the Liquidators have already centralised the Company's activities in the BVI, including by directing all creditors to correspond with us in the BVI (which will occur pursuant to court-sanctioned protocols); calling a first meeting of creditors to be held in the BVI on 18 July; engaging primary counsel in the BVI; and establishing a bank account in the BVI in the Company's name. As this centralisation in the BVI has been occurring, I understand that many of the Company's creditors and claimed creditors have retained BVI counsel.

37. In the light of the above, as of the time of making of this affidavit, I am advised and verily believe that the Liquidation Proceedings are the "foreign main proceedings" of the Company within the meaning of Article 2(f) of the Model Law, and will leave it to the Liquidators' solicitors to make the necessary submissions on this point.

38. Given the facts set out above and the advanced stage of the Liquidation Proceedings in the BVI, which were commenced first in time by creditors and the Company, it would be desirable for the Liquidators to be the ones to administer the liquidation of the Company across the various jurisdiction(s) in which the Company operates, including Singapore, so that there is no duplication or multiplication of efforts which may result in duplicate costs.

V. PROVISIONAL RELIEF UNDER ARTICLE 19 OF THE MODEL LAW

39. As mentioned at [4] above, the Liquidators will be seeking urgent provisional relief under Article 19 of the Model Law pending the final determination of this Application. Provisional relief is urgently needed to preserve the Company's property/assets and to safeguard its creditors' interests:

40. First, there is a complete lack of transparency and accountability on the part of the Company's management, Su Zhu and Kyle Davies, as evidenced by, amongst other things:

    (a) The prolonged radio silence from Su Zhu and Kyle Davies, who have refused to meaningfully engage (or even engage at all) with creditors despite the Company's well publicised financial woes, as well as the various concerning transactions relating to the Company's assets (see above at [13]–[15]). They have similarly not meaningfully engaged or communicated with the Liquidators since the Liquidators were appointed on 27 June 2022 (and only made contact through their lawyers on 6 July 2022), despite having apparently sought such an appointment under their own application.

    (b) The failure to even engage or notify the Company's creditors as to the Company's Liquidation Application. On the face of the directors' resolutions made for the purpose of the Company's Liquidation Application (3AC Affidavit at pages 466–467), the decision to put the Company into liquidation was made by Su Zhu and Kyle Davies without the involvement of other director of the Company (Mark

James Dubois). Similarly, the shareholders' resolution approving the Company's Liquidation Application appears to also to be made only by Su Zhu and Kyle Davies (3AC Affidavit at pages 463–464).

(c) The possibility (and the complete failure on the part of Su Zhu and Kyle Davies to address the concerns) that Company funds have been used to fund extravagant personal purchases of a yacht and properties in Singapore—as well as the news that Su Zhu may be taking steps to sell a significant property to put it beyond the reach of the Company's creditors (see above at [19]–[20]).

(d) All of the creditors' fears appeared to have materialised when, on June 30, 2022, the Monetary Authority of Singapore (the "**MAS**") issued a "reprimand" of Three Arrows Capital Pte Ltd[1] for providing false information to the MAS and exceeding the assets under management for a registered fund management company. A copy of the MAS's press release is now shown to me and exhibited hereto as "**RC-19**".

41. Second, the Company's management have ignored the Liquidators' request to gain to access the Singapore office of the Company located at 7 Temasek Boulevard, #21-04, Suntec Tower One, Singapore 038987 ("**Singapore Office**"):

(a) On 30 June 2022, one of the Liquidators, Mr Farmer, visited the

[1] The Liquidators understand that this Singapore-incorporated entity was previously the investment manager of the Company until on or about 20 August 2021 (3AC Affidavit at paragraph 10).

Singapore Office. He found that it was unoccupied and locked.

(b) The Liquidators' Singapore counsel, WongPartnership LLP, reached out to the former solicitors of the Company, Solitaire LLP, asking for assistance in respect of gaining access to the office. However, Solitaire LLP informed WongPartnership LLP that they had "*checked but haven't heard back with any news*". There has been no further follow-up from Su Zhu, Kyle Davies or anyone else with access to the Singapore Office. Copies of the emails exchanged between WongPartnership LLP and Solitaire LLP on 30 June 2022 are now shown to me and exhibited hereto as "**RC-20**".

42. In the interests of full and frank disclosure, I wish to state that the founders, Su Zhu and Kyle Davies, had after much effort on the Liquidators' part to engage with them, instructed counsel in Singapore, Advocatus Law LLP. The response from Advocatus Law LLP only came after:

(a) the Liquidators had made multiple attempts to reach out to them through the Company's former solicitors (Solitaire LLP), who were receiving instructions from the former management, as well as the email addresses that the Liquidators could obtain for Su Zhu and Kyle Davies; and

(b) the Liquidators had written to Su Zhu and Kyle Davies (through the same email address that the Liquidators had sought to contact them since their appointment) stating that the Liquidators intend to file applications in the BVI for examination of both the founders unless the founders respond to the Liquidators

Now shown to me and exhibited hereto as "**RC-21**" are copies of the communications between the Liquidators and the founders from 29 June 2022 and the responses received from Advocatus Law LLP from 6 July 2022 to 8 July 2022.

43. I note that the recent communication from Advocatus Law LLP has simply been to request for more time to consider our various requests for information from them. No attempt has been made to allow the Liquidators access to the offices of the Company, and there is only a reference to how Advocatus Law LLP expects to "*be in touch [with the Liquidators] shortly, which [they] expect to be early next week*". The Liquidators' request for an urgent call was not accepted, and all that was proffered was an introductory Zoom call with the Liquidators about 2 days after they contacted the Liquidators.

44. At that introductory Zoom call, Advocatus Law LLC stated that the radio silence from Su Zhu and Kyle Davies was purportedly due to alleged threats directed at their families and them having to engage the MAS on investigations against Three Arrows Capital Pte Ltd—and that Su Zhu and Kyle Davies intended to cooperate with the Liquidators in good faith. However, in spite of the Liquidators seeking information on the Company, nothing was forthcoming. While persons identifying themselves as "Su Zhu" and "Kyle" were present at the Zoom call, their video was switched off and they were on mute at all times with neither of them speaking despite questions being fielded in their direction. All dialogue was conducted through Advocatus Law LLP and Solitaire LLC (who was also on the call). Further:

(a) The Liquidators asked for access to the Singapore Office, but were told that the office did not have any documents belonging to the Company (despite the fact that the Liquidators sighted letters addressed to the Company in the mailbox of the Singapore Office when they visited it earlier). Photos of the letters found in the mailbox during that visit are now shown to me and exhibited hereto as "**RC-22**". In particular, the Liquidators were told that the documents at the Singapore Office belonged instead to the investment manager of the Company. However, the investment manager of the Company would naturally possess and serve as custodian of information and documents of the Company – a point which was accepted by Advocatus Law LLP. This means that, at the very least, there is a significant possibility that there are information and documents in the Singapore Office that the Liquidators should be given access to.

(b) The Liquidators asked for bank account information and information on wallets for the purposes of taking control of the Company's assets. The response given was that Advocatus Law LLP will discuss this with Su Zhu and Kyle Davies and get back to the Liquidators, most likely at a subsequent meeting (scheduled tentatively, and pending Advocatus Law LLP taking instructions from the founders, for 11 July 2022 as of the making of this affidavit).

(c) Essentially, what was requested was for the Liquidators to write to Su Zhu and Kyle Davies (again) to set out their information requests so that they may take advice on how to respond to the same at the subsequent meeting referred to above. I note Advocatus Law LLP in its last email dated 8 July 2022 had indicated that they would see if they could get some of the information which the Liquidators had asked at the introductory call, but there has been no commitment to provision of any information. From the Liquidators perspective, nothing was provided to assist the Liquidators in getting up to speed on the affairs of the Company or in securing the assets of the Company for the purposes of protecting the interests of creditors.

45. Third, further concerning facts have arisen following a meeting between Mr Farmer and Solitaire LLP on 1 July 2022:

(a) In respect of Mr Farmer's request for correspondence between the directors of the Company (*ie*, Su Zhu and Kyle Davies) and Solitaire LLP relating to the instructions received by Solitaire LLP, Solitaire LLP informed Mr Farmer that a majority of instructions were conveyed (at the demand of Su Zhu and Kyle Davies) through a cross-platform centralised encrypted messaging service known as "Signal". The messages conveyed by Su Zhu and Kyle Davies through this platform are automatically deleted after a period of time and are not possible to retrieve.

(b) Solitaire LLP further informed Mr Farmer that the Company has distinct portfolios whose assets are held and controlled by other

individuals including Mr Cheong Jun Yoong (in respect of the DeFiance Capital portfolio), an anonymous individual that goes by the handle "VVD" (in respect of the Starry Night portfolio) and another unknown individual (in respect of the Warbler portfolio).

(c) Based on the Liquidators' research, "VVD" stands for a Twitter handle that goes by "Vincent Van Dough" and that the Starry Night portfolio was established in partnership with "Vincent Van Dough". A copy of an article reporting the announcement on the partnership is now shown to me and exhibited hereto as "**Tab A**" of "**RC-23**".

(d) Recently, on 17 June 2022, it was reported that the Starry Night portfolio drew criticism for aggregating a highly valuable NFT collection into a single wallet which has prompted speculation of a fire sale. A copy of the article reporting this is now shown to me and exhibited hereto as "**Tab B**" of "**RC-23**".

46. Cryptocurrencies and NFTs are held either in wallets or in trading accounts with exchanges. For wallets, access is limited to: (1) the persons who have access to the single native device linked to the wallet; and/or (2) the persons who have access to the seed phrase (a combination of 24 or 48 randomly generated words) and any additional password and who can then "restore" the wallet on another device which will replace the original native device. The same persons can freely transfer cryptocurrencies and NFTs out of such wallets at near instantaneous speeds.

47. In the light of the above, given that:

(a) the assets of the Company are primarily cryptocurrencies and NFTs;

(b) such assets are likely within the sole control of individuals such as Su Zhu, Kyle Davies, “Vincent Van Dough”; and

(c) such individuals have been reported to be potentially engaging in efforts to liquidate assets of the Company without any apparent intention to account to the Company’s creditors—and who have, by their conduct, shown that they have no intention to do so;

it is paramount that the Liquidators be entrusted with the administration and subsequent distribution of the Company’s assets located in Singapore, to preserve the value of the Company’s assets. By the same token, it would also be necessary to suspend the right to transfer, encumber or otherwise dispose of any of the Company’s assets. These measures are measures which the Honourable Court has the jurisdiction to give, by way of Article 19(1) read with Article 21(1)(c) of the Model Law.

48. Further to this objective, to locate and take control of the assets of the Company, the Liquidators will also need to be empowered to examine witnesses, take evidence or delivery of information concerning the Company’s property, affairs, rights, obligations or liabilities as well as to obtain production of the same in accordance with Article 19(1)(c) of the read with Article 21(1)(d) of the Model Law. The Liquidators require such power to be able to carry out the precursor exercise to administering the Company’s assets, and this is especially crucial considering that that the Company’s assets, bearing in mind the Company’s business and the

industry it operates in, are expected to mainly be intangible (and difficult to trace) in nature

49. In particular, in furtherance of the above, and to allow the above orders to be meaningful, the Liquidators will need to be given access to the Singapore Office, which may contain cold wallets or information on how to access wallets or trading accounts of the Company (from the Company's email records and electronic records that may be stored at the Singapore Office). To prevent these from being removed, destroyed, damaged or modified (by Su Zhu, Kyle Davies or any other person with access), it is imperative that the Liquidators be granted immediate access to it pursuant to Article 19(1)(c) of the read with Article 21(1)(d) of the Model Law.

50. Separately, the Company has received various legal letters from its alleged creditors. There are numerous potential claims which may be made against the Company, as outlined in a 3-page table set out at paragraph 23 of the 3AC Affidavit. Each of these potential claims may materialise in legal proceedings (including in Singapore), resulting in a potential multitude of legal proceedings commenced against the Company in the immediate future. In fact, there has already been one proceeding that has already been commenced against the Company in Singapore, namely HC/OA 247/2022 filed in the General Division of the High Court of the Republic of Singapore where the plaintiff, Mirana Corp, has alleged that the Company owes outstanding sums to it under a guarantee. The Liquidators anticipate that there may be more of such proceedings commenced against the Company in the coming days.

51. Therefore, it is necessary to stay the commencement or continuation of individual actions or individual proceedings involving the Company, as well as to stay any execution against the Company's assets. These measures are measures which the Honourable Court has the jurisdiction to grant, by way of Article 19(1) read with Article 21(1)(g) of the Model Law. I will leave it to my solicitors to make the necessary legal submissions in this regard.

52. Through the stay sought above, potential attempts by any creditor(s) to steal a march on their fellow creditors, which would undermine the *pari passu* regime of distribution will be staved off. The stay on the commencement or continuation of individual actions or proceedings involving the Company would also serve the effect of preventing the assets of the Company from being frittered away in unnecessary actions. I am advised and verily believe that the policy in liquidation is that all claims should generally be disposed of by the inherently less expensive summary procedure of proving a debt in the liquidation, rather than dissipating the assets in a multiplicity of suits.

VI. RELIEF UNDER ARTICLE 21 OF THE MODEL LAW

53. I understand that some of the relief sought might be granted under Article 21 of the Model Law.

54. I have already set out my reasons in [30] to [36] above as to various types of provisional relief are required. These reasons are equally apposite to my request for relief under Article 21 of the Model Law and I respectfully adopt them in full.

55. In this connection, I understand certain protections to creditors and interested persons need to be given under Article 21 and Article 22 of the Model Law, in particular:

(a) Article 22(1) of the Model Law provides that in granting relief under Article 21 or Article 19, the Honourable Court must be satisfied that the interests of the creditors (including any secured creditors or parties to hire-purchase agreements (as defined in Section 88(1) IRDA)) and other interested persons, including if appropriate the Company itself, are adequately protected.

(b) Article 21(2) of the Model Law provides that the Honourable Court may, at the request of the foreign representative, entrust the distribution of all or part of the debtor's property located in Singapore to the foreign representative, but only provided that the Court is satisfied that the interests of creditors in Singapore are adequately protected.

56. In this regard, I wish to reassure the Honourable Court that the Liquidators have no intention of prejudicing the interests of the Company's creditors in Singapore. The Liquidators hereby undertake that where the Company's assets (if any) located in Singapore have been realised, the Liquidators will only repatriate the sales proceeds of such assets from Singapore after leave of Court is obtained. This has been reflected in Prayer 1(e) of the Application.

VII. CONCLUSION

57. I am further advised and verily believe that the Application is not contrary to the public policy of Singapore.

58. In conclusion, I pray for an order in terms of this Application.

AFFIRMED IN **THE BRITISH VIRGIN ISLANDS**)
BY THE ABOVENAMED)
RUSSEL CRUMPLER)
ON THE 8th DAY OF JULY 2022)
~~VIA VIDEO-LINK~~ IN PERSON)

8 July 2022

BEFORE ME

A NOTARY PUBLIC

This Affidavit is filed on behalf of the Applicants.

LORRAINE A. Y. LA ROSE
Notary Public
The Virgin Islands *(UK)*
My commission expires: 31st January 2023

VIGILATE NOTARIES
PO Box 2097, Road Town
Tortola, British Virgin Islands
Tel: (284) 345 5800 | www.vigilatenotaries.com

INDEX OF EXHIBITS

EXHIBIT	DESCRIPTION	PAGE
RC-21	Email exchange between WongPartnership LLP and Advocatus Law LLP dated 6 July 2022 to 7 July 2022.	1128
RC-22	Photographs taken at 7 Temasek Boulevard, #21-04, Suntec Tower One, Singapore 038987 dated 8 July 2022.	1141
Tab A of RC-23	YahooFinance Article dated 1 September 2021.	1152
Tab B of RC-23	YahooFinance Article dated 17 June 2022.	1155

THIS IS THE EXHIBIT MARKED "**RC-1**"

REFERRED TO IN

THE 1ST AFFIDAVIT

OF **RUSSELL CRUMPLER**

AFFIRMED BEFORE ME

IN THE BRITISH VIRGIN ISLANDS

ON

THIS 8th DAY OF July 2022

BEFORE ME

A NOTARY PUBLIC

LORRAINE A. Y. LA ROSE
Notary Public
The Virgin Islands *(UK)*
My commission expires: 31st January 2023

NOTARY PUBLIC

VIGILATE NOTARIES
PO Box 2097, Road Town
Tortola, British Virgin Islands
Tel: (284) 345 5800 | www.vigilatenotaries.com

IN THE EASTERN CARIBBEAN SUPREME COURT
IN THE HIGH COURT OF JUSTICE
VIRGIN ISLANDS
COMMERCIAL DIVISION
CLAIM NO. BVIHC (COM) 2022/

IN THE MATTER OF THE INSOLVENCY ACT, 2003
AND IN THE MATTER OF THREE ARROWS CAPITAL LTD

BETWEEN:

DRB PANAMA INC.

Applicant

-v-

THREE ARROWS CAPITAL LTD

Respondent

AFFIDAVIT OF JOS VAN GRIENSVEN

I, Jos van Griensven, of Suite 604D, 6th Floor, Delta Bank Building, Via Espana, Panama City, Republic of Panama **MAKE OATH AND SAY** as follows:

INTRODUCTION

1. I am the Head of Legal and Compliance at DRB Panama Inc ("**Deribit**"). Deribit is a company operating an online cryptocurrency derivatives exchange and is a creditor of Three Arrows Capital Ltd (the "**Company**").

2. Save as otherwise indicated, the facts and matters deposed to in this affidavit are derived from both my own personal knowledge (which arises out of my position at Deribit); and also from my review of relevant documents and information concerning the Company. Such information is true to the best of my knowledge and belief. Where facts and matters are not within my own knowledge, the sources of information is stated and the facts and matters are true to the best of my knowledge, information and belief.

3. Exhibited to my affidavit and marked "**JVG-1**" is a bundle of true copy documents referred to in this affidavit. Any reference to a page number in this affidavit is a reference to the corresponding page number in the exhibit JVG-1. References are given in the format JVG-1/[page number].

4. I am duly authorised to make this affidavit on behalf of Deribit in support of its applications:

   4.1. under section 162 of the Insolvency Act, 2003 (as amended) (the "**Insolvency Act**") for the appointment of joint liquidators in respect of the Company; and

   4.2. under section 170 of the Insolvency Act for the appointment of joint provisional liquidators in respect of the Company.

5. In this regard:

   5.1. Deribit proposes that Russell Crumpler and Christopher Farmer of Teneo (BVI) Limited, 3rd Floor, Banco Popular Building, Road Town, Tortola, VG-1110, British Virgin Islands shall be appointed as joint provisional liquidators ("**JPLs**") of the Company. Copies of the professional biographies of the proposed JPLs are exhibited at JVG-1/1-3; and

   5.2. To the best of my knowledge and belief, each of the aforementioned JPLs is eligible to act as an insolvency practitioner in relation to the Company, and I refer to copies of the relevant consents to act supplied by the JPLS exhibited at JVG-1/76-77.

6. I have read the content of the Originating Application to appoint joint liquidators to the Company to be filed on 24 June 2022 (the "**Originating Application**") and the Ordinary Application to appoint joint provisional liquidators to the Company to be filed on 24 June 2022 (the "**Ordinary Application**"), and confirm that the statements made therein are true or are true to the best of my knowledge, information and belief.

7. To the best of my knowledge there is no proposal for, or an existing, creditors arrangement under Part II of the Insolvency Act. Likewise to the best of my knowledge there is no administrator or administrative receiver acting in relation to the Company.

8. The approximate value of the Company's total assets over which a liquidator or provisional liquidator would be appointed is at least US$80,134,745.77

THE COMPANY

9. The Company was incorporated on 3 May 2012 and was founded by Su Zhu and Kyle Davies. A copy of the Company's certificate of incorporation is exhibited at JVG-1/12.

10. The registered office of the Company is c/o ABM Corporate Services, Ltd., ABM Chambers, 1st Floor, Columbus Centre, P.O. Box 2283, Road Town, Tortola, British Virgin Islands, VG1110. A company search dated 23 June 2022 is exhibited at JVG-1/69-71 . The business address of the Company is 7 Temasek Boulevard, 21-04 Suntec Tower One, Singapore.

11. Based on information provided by the Company to Deribit and publicly available information, I understand and believe that:

    11.1. The Company is a prominent cryptocurrency hedge fund, which, as of April 2022, had over US$3 billion worth of cryptocurrencies under its management (see

JVG-1/41). The exact value of the fund is however, unknown. Blockchain analytics firm Nansen has previously estimated the fund's assets at US$10 billion (see JVG-1/51).

11.2. In February 2022, the Company invested about US$200 million into a cryptocurrency token, Luna. In May 2022, there was a sudden collapse in the values of TerraUSD and its sister token, Luna, which effectively rendered TerraUSD and Luna worthless. The extent of the Company's exposure to TerraUSD and Luna is unknown.

11.3. In recent weeks, cryptocurrency prices have suffered steep declines. The Company has holdings in a variety of crypto ventures whose tokens have performed badly in recent months, including Avalanche, Solana and the game Axie Infinity, all of which are down around 90 per cent since their November 2021 peaks. At the end of 2020, the Company owned approximately US$1.2 billion worth of Grayscale Bitcoin Trust, which is now only worth US$550 million.

11.4. On 17 June 2022, the Financial Times reported that:

(a) the Company had failed to meet margin calls from lenders and that US based crypto lender BlockFi, was among the groups that had liquidated at least some of the Company's positions; and

(b) the trouble at the Company had ricocheted to Finblox, a platform that helps cryptocurrency investors buy crypto assets and who had received an investment from the Company. Finblox cited the situation at the Company for reducing its withdrawal limits by two-thirds.

11.5. On 17 June 2022, the Wall Street Journal reported that:

(a) the Company had hired legal and financial advisers to help work out a solution for its investors and lenders, and that the Company is exploring options, including asset sales and a rescue by another firm;

(b) the Company is hoping to reach an agreement with creditors that would give it more time to work out a plan and that the Company is still operating as it seeks a solution; and

(c) the Company is still trying to quantify its losses and value its illiquid assets.

11.6. On 17 June 2022, Fortune reported that:

(a) after US$400 million in liquidations, the Company is *"reportedly facing insolvency"*; and

(b) Danny Yuan, the chief executive officer of cryptocurrency trading firm 8 Blocks Capital, had claimed *"[w]e trade in one of 3AC's trading accounts. This morning they took about [$1 million] out of our accounts. I hope you pay us back asap"* and that *"[a] lot of people have reached out about what they know– many of whom have direct relationships with 3AC as well. What we*

learned is that they were leveraged long everywhere and were getting margin-called... Instead of answering margin calls, [the Company] ghosted everyone. The platforms had no choice but to liquidate their positions, causing the markets to further dump".

12. A copy of the articles dated 17 June 2022 from the Financial Times, the Wall Street Journal and Fortune are exhibited at JVG-1/37-52.

DEBT OWING BY THE COMPANY TO DERIBIT

13. The Company is:

    13.1. a customer of Deribit and holds a trading account with Deribit's cryptocurrency derivatives exchange (the "**Account**");

    13.2. a borrower of Deribit, in that it has borrowed Bitcoin and Ether from Deribit; and

    13.3. an indirect shareholder of Deribit, in that it holds an indirect interest of approximately 17% of the shares in Sentillia BV, which in turn holds 100% of Deribit.

Trading Account

14. On 30 March 2020, the Company entered into a Non-Liquidating Account Agreement with Deribit ("**Non-Liquidating Account Agreement**"). Under clause 2.5 of the Non-Liquidating Account Agreement: (a) the Account is to be incrementally liquidated if certain margins are breached; and (b) in the event that the Account is liquidated, and losses associated with the liquidation leave the account with negative net asset value, the Company is liable for any shortfall to be transferred to Deribit within 2 business days. A copy of the Non-Liquidating Account Agreement is exhibited at JVG-1/13-16.

15. On 11 June 2022, the Account breached the margin requirements under clause 2.5 of the Non-Liquidating Account Agreement.

16. On 13 June 2022, the Deribit began to liquidate the Account in accordance with clause 2.5 of the Non-Liquidating Account Agreement and per instructions provided by the Company via Telegram. A copy of the Company's Telegram conversation with Deribit on or around 13 June 2022 is exhibited at JVG-1/27-30.

17. From 13 June 2022 onwards, the Company stopped communicating with Deribit. Deribit's messages to the Company on 14 and 15 June 2022 on Telegram is at page JVG-1/26.

18. On 15 June 2022, Deribit notified the Company that it was in the process of fully liquidating the Account and requested payment of the trading loss shortfall in the Account. A copy of Deribit's letter to the Company dated 15 June 2022 (the "**15 June Letter**") is exhibited at JVG-1/32-35.

19. As at the time of signing this affidavit, Deribit is still in the process of liquidating the Account. Due to the sheer size of the positions in the account, it has not yet been

possible to fully liquidate the Account. As at 20 June 2022 however, the Account has a negative asset value of 997.3101 Bitcoin and 15,911.1270 Ether (equating US$37,162,616.80 as at 20 June 2022). The remaining positions in the Account have been hedged to the effect that the US$ equivalent of the value is fixed. A statement of the Account showing the shortfall in the Account is exhibited at JVG-1/56. Pursuant to clause 2.5 of the Non-Liquidating Account Agreement, the Company is liable for this shortfall.

Loans to the Company

20. On 31 March 2020, the Company entered into a Loan Agreement with Deribit ("**Loan Agreement**"). Under clause 1.2 of the Loan Agreement, the Company was entitled to request loans from Deribit by way of loan term sheets. A copy of the Loan Agreement is exhibited at JVG-1/17-20.

21. The Company and Deribit entered into loan term sheets as follows (together, the "**Loans**"), whereby the Company borrowed the following amounts at a 2.5% interest rate per annum:

    21.1. 500 Bitcoin on 1 April 2020;

    21.2. 300 Bitcoin on 28 April 2020;

    21.3. 15,000 Ether on 1 January 2021; and

    21.4. 500 Bitcoin on 7 January 2021.

22. A copy of the loan term sheets are exhibited at JVG-1/21-24.

23. The Loans amounted to 1300 Bitcoin and 15,000 Ether.

24. Clause 1.3 of the Loan Agreement requires the Company to have a minimum amount of the borrowed coins in the Account. In the event that the balance of the Account is below the minimum amount, the Company is required to replenish the amount within 24 hours, failing which interest of 0.15% per day for the number of Bitcons and/or Ether that has to be transferred by the Company to the Account will be accrued and payable daily.

25. Clause 2.2 of the Loan Agreement provides that Deribit has the right to terminate the agreement with 5 days written notice and the Company shall repay the outstanding loan plus any accrued interest at the latest 5 days after the date of the notice.

26. On 11 June 2022, the Company defaulted on its obligation under clause 1.3 of the Loan Agreement to maintain a certain minimum balance on its Account.

27. On 15 June 2022, Deribit terminated the Loan Agreement and requested payment of the Loans. A copy of the 15 June Letter is at page JVG-1/32-35.

28. As at 20 June 2022:

    28.1. 1,300 Bitcoin and 15,000 Ether remains outstanding under the Loans, equating to US$42,252,850;

    28.2. Interest at 2.5% per annum in the amount of 7.2123 Bitcoin and 83.2192 Ether has accrued, equating to US$234,416.50 and continues to accrue;

    28.3. Interest at 0.15% per day in the amount of 14.3923 Bitcoin and 182.5083 Ether has accrued, equating to US$484,862.47 and continues to accrue.

    A statement showing the outstanding Loans and interest calculations is at JVG-1/56.

Communications with the Company since the 15 June Letter

29. On 17 June 2022, the Chief Commercial Officer of Deribit, Luuk Strijers, messaged Mr Kyle Davies, one of the founders of the Company, requesting a status call. On 20 June 2022, Mr Davies responded asking *"[c]ould you please e-mail our legal advisers at nicolyeo@solitairellp.com? We can then take it from there"*. A screenshot of the Telegram exchange is exhibited at JVG-1/36.

30. On 21 June 2022, Mr Mathijs van Basten Batenburg emailed Mr Nichol Yeo at Solitaire LLP requesting confirmation as to who Solitaire LLP represented.

31. On 22 June 2022, Mr Yeo confirmed that his firm acts for the Company and Three Arrows Capital Pte Ltd (Singapore). In response on the same day, Mr van Basten Batenburg sent Mr Yeo a copy of the 15 June Letter. A copy of the email exchange is exhibited at JVG-1/57-64.

32. As at the time of signing this affidavit, no further response has been received from the Company or Mr Yeo.

PROVISIONAL LIQUIDATION – THE COMPANY IS INSOLVENT

33. Based on the above matters, I believe the Company to be insolvent. Despite Deribit's demands for payment, no payment has been received.

34. Further, based on my understanding of the market information, and of various news reports:

    34.1. I understand that the Company owes substantial debts to a large number of creditors, and does not have the funds to pay its creditors. On 22 June 2022, Bloomberg reported that Voyager Digital Ltd had an exposure of 15,250 BTC and $350 million USDC (a total of approximately US$660 million) to the Company, and had requested repayment of the entire balance by 27 June 2022. Bloomberg further reported that Voyager's exposure to the Company *"raises survivability questions"* for Voyager and that *"[a] wave of liquidations has triggered fear of contagion risks for the industry.. Other lenders, including Genesis and BlockFi Inc., have sought to quell fear amid concerns over contagion risks from Three Arrows"*. A copy of Bloomberg's report is exhibited at JVG-1/65-68; and

34.2. It appears that the Company has stopped communicating with its creditors, including Deribit (see paragraph 11.6(b) above).

35. I therefore believe that the Company is unable to pay its debts as they fall due and I am advised, privilege over which is not waived, that the Company is therefore insolvent within the meaning of Section 8 of the Insolvency Act.

36. The current amount outstanding, as at 20 June 2022, and due and payable by the Company to Deribit is the sum of USD80,134,745.77, comprised of: (a) the principal amount of US$42,252,850 under the Loan Agreement; (b) interest of US$719,278.97; and (c) negative asset value in the Company's trading account of US$37,162,616.80.

NEED FOR PROVISIONAL LIQUIDATORS

Grounds

37. I believe that the appointment of provisional liquidators is necessary for the purpose of preserving and maintaining the value of the assets owned or managed by the Company.

38. The Company holds a significant position in the cryptocurrency market. The extent of the Company's assets, and liabilities, is not known. As set out above at paragraph 11:

38.1. while publicly available information indicates that as of April 2022, the Company had over US$3 billion worth of cryptocurrencies under its management, in recent months, cryptocurrency prices have suffered steep declines which will have affected the Company's holdings. In particular, in February 2022, the Company had invested about US$200 million in Luna, which has since May 2022, has become worthless;

38.2. on 17 June 2022, it was widely reported that the Company had failed to meet margin calls from various lenders and that it had suffered US$400 million in liquidations;

38.3. the Company's position in the cryptocurrency market has had a flow on effect to other cryptocurrency platforms and on the stability of the cryptocurrency market more generally.

39. On 17 June 2022, it was reported by Crypto News Flash that the Company has been selling its cryptocurrency holdings in order to pay off its outstanding loans and debts. The article theorises that *"[t]his action by the crypto hedge fund will likely affect the crypto market negatively. There will likely be a billion-dollar worth of liquidation. Thus, leading to another crypto market crash"*. A copy of this report is exhibited at JVG-1/53-55.

40. In additional to news reports, the Company's debacle has been widely discussed on Twitter by influential players in the cryptocurrency market. On 23 June 2022, FatManTerra, an anonymous Twitter user with over 85,000 followers, theorised that the Company's assets are US$400 million and its debts are US$1.6 billion. A copy of this twitter thread is exhibited at JVG-1/72-75.

41. Against this above news, I have checked the wallet addresses that I am aware of for the Company on Etherscan, a platform which tracks all transactions on the Ethereum blockchain, including Ether, stablecoin USDT and stablecoin USDC.

42. While it is possible to trace the transactions to and from the Company's wallet, it is difficult to identify who the holders of the relevant recipient wallets are. I do note however, that on 14 June 2022, which is after the Company stopped communicating with Deribit:

    42.1. the Company transferred approximately US$30.7 million in USDC and US$900,000 in USDT to the wallet of Tai Ping Shan Limited, a Cayman Islands company indirectly owned by Su Zhu and the partner of Kyle Davies, Kelly Kaili Chen. A printout from Etherscan showing these transfers from the Company is exhibited at JVG-1/31 and an organisational chart of Tai Ping Shan Limited as at May 2021 is exhibited at JVG-1/25. I have been unable to identify where these funds subsequently went; and

    42.2. the Company withdrew a total of 14,900 Ether (equating to approximately US$17 million) from a cryptocurrency exchange, FTX. The Company then transferred 4,790 Ether to another wallet held by the Company, and transferred 10,140 Ether to a wallet tagged as "Fund 0x3BA"; a screenshot annotated to show these transfers is exhibited at JVG-1/4. 10,140 Ether was then transferred from "Fund 0x3BA" to a wallet held by Aave, an open source liquidity protocol that allows users to lend and borrow cryptocurrency; a screenshot annotated to show these transfers (as well as another transfer of 6,981 Ether from the Company to Aave on the same day) is exhibited at JVG-1/5. It is not clear whether, rather than respond to margin calls from its lenders, the Company continued to trade cryptocurrency.

43. Further, on 16 June 2022, the Company transferred approximately US$10.9 million in USDT to an unknown address which, prior to that transfer, had not received or transferred any funds in the past 2 years; a printout showing this transfer is exhibited at JVG-1/6-8. The USDT was then transferred out 6 minutes later, to another unknown address; a printout showing this transfer is exhibited at JVG-1/9-11. This wallet records a number of transfers in and out of the account in the past week; a printout of the wallet is exhibited at JVG-1/10-11.

44. In light of the above, while Deribit can see transactions to and from the Company's wallet, Deribit has no real visibility as to the extent to which the Company is selling its cryptocurrency holdings, for what purpose it is currently selling those holdings, whether the money is being used to repay some of the Company's creditors and not others or whether the Company is continuing to trade cryptocurrency, potentially to the detriment of its creditors. Furthermore, the Company has failed to engage meaningfully with Deribit on these matters. Based on the publicly available materials referenced in the affidavit and, in particular, the Crypto News Flash report referenced at paragraph 39 above, and the activity in the Company's cryptocurrency wallets, Deribit is concerned that the Company's actions will permanently damage the value of the Company's remaining assets.

45. In such circumstances, I believe the immediate appointment of provisional liquidators is necessary to maintain the value of the assets owned or managed by the Company.

46. There is great urgency that provisional liquidators be appointed so that the Company's assets can be dealt with in a transparent manner since cryptocurrency, by its nature, is difficult to secure and is difficult to recover if it has been dissipated. Accordingly, the appointment of provisional liquidators is necessary to protect the assets of the Company. I am advised, privilege over which advice is not waived, and believe, that the achievement of this objective, namely protecting and maintaining the Company's asset is consistent with the purpose of appointing provisional liquidators.

47. The Company is insolvent. There is no reason for the Company not to enter provisional liquidation, and there is no possible prejudice to other parties through it doing so. A provisional liquidation marks the best prospect of a return to creditors.

48. The proposed provisional liquidators, as independent office holders appointed by the BVI Court, may be able to:

    48.1. to consult with the Company in respect of, and review, on an ongoing basis, all issues relating to the feasibility of repayment of its debts;

    48.2. to monitor, oversee and support the Company and the continuation of the business of the Company in the ordinary course pending repayment of its debts;

    48.3. to locate, protect, secure and take control over all assets and property within the jurisdiction of the courts of the BVI or any other jurisdiction in which the Company has any operations to which the Company is or appears to be entitled;

UNDERTAKING AS TO DAMAGES

49. Deribit agrees to submit to the jurisdiction of this Honourable Court and provide the undertaking in damages that is required upon the appointment of provisional liquidators in these circumstances.

FULL AND FRANK

50. I understand that owing to the *ex parte* nature of the application for the appointment of provisional liquidators over the Company, the Company will not be represented at the hearing and I am under a duty of full and frank disclosure to the Court.

51. It could be argued by the Company that it is inappropriate for provisional liquidators to be appointed in circumstances where they have hired legal and financial advisers to help work out a solution for its investors and lenders and that it is hoping to reach an agreement with creditors. However, as at the time of signing this affidavit, the Company has not entered into any meaningful communications with Deribit to provide any explanation of its proposed way forward. I also believe that the Company is manifestly insolvent.

52. It could also be argued by the Company that it is selling its cryptocurrency holdings in order to liquidate its assets so as to assess its financial position or that it is selling its cryptocurrency holdings in the normal course of business. Again, as at the time of signing this affidavit, the Company has not entered into any meaningful communications with Deribit.

CONCLUSION

53. For the above reasons I apply to this Honourable Court for the relief sought in the Application. I ask that the relief granted is that here claimed or in such form as this Honourable Court thinks fit.

This Affidavit is sworn in accordance with the laws and procedures of The Netherlands.

SWORN on 24 June 2022)
at Amsterdam,)
The Netherlands)

Jos van Griensven

Before me

Notary Public
Dr. Hendrik ten Voorde,
civil law notary in
Amsterdam, the Netherlands.

Made on behalf of the Applicants
Affidavit of Jos van Griensven
Exhibit JVG-1
Sworn: 24 June 2022
Filed: 24 June 2022

IN THE EASTERN CARIBBEAN SUPREME COURT
IN THE HIGH COURT OF JUSTICE
VIRGIN ISLANDS
COMMERCIAL DIVISION
CLAIM NO. BVIHC (COM) 2022/

IN THE MATTER OF THE INSOLVENCY ACT, 2003 AND IN THE MATTER OF THREE ARROWS CAPITAL LTD

DRB PANAMA INC.

Applicant

-v-

THREE ARROWS CAPITAL LTD

Respondent

AFFIDAVIT OF JOS VAN GRIENSVEN

Ritter House
Wickham's Cay II
Road Town, Tortola
British Virgin Islands
VG1110
Tel.: +1 284 852 7300
Ref.: JVD/MRN/503164.00001

Legal Practitioners for the Applicant

51

IN THE EASTERN CARIBBEAN SUPREME COURT
IN THE HIGH COURT OF JUSTICE
VIRGIN ISLANDS
COMMERCIAL DIVISION
CLAIM NO. BVIHC (COM) OF 2022

IN THE MATTER OF THE INSOLVENCY ACT 2003
IN THE MATTER OF THREE ARROWS CAPITAL LTD

BETWEEN:

DRB PANAMA INC.

APPLICANT

-v-

THREE ARROWS CAPITAL LTD

RESPONDENT

EXHIBIT JVG-1

I certify that the attached documents comprise the documents referred to as "Exhibit JVG-1" in the Affidavit of Jos van Griensven sworn before me today on 24 June 2022.

Date: 24 June 2022

Before me

dr. H. ten Voorde * Notaris / civil law notary in Amsterdam * JE MAINTIENDRAI

Notary Public

Dr. Hendrik ten Voorde,
civil law notary in
Amsterdam, The Netherlands.

Made on behalf of the Applicant
Affidavit of Jos van Griensven
Exhibit JVG-1
Affirmed: 24 June 2022
Filed: 24 June 2022

IN THE EASTERN CARIBBEAN SUPREME COURT
IN THE HIGH COURT OF JUSTICE
VIRGIN ISLANDS
COMMERCIAL DIVISION
CLAIM NO. BVIHC (COM) OF 2022

IN THE MATTER OF THE INSOLVENCY ACT 2003
IN THE MATTER OF THREE ARROWS CAPITAL LTD

BETWEEN:

DRB PANAMA INC.

APPLICANT

-v-

THREE ARROWS CAPITAL LTD

RESPONDENT

EXHIBIT JVG-1

TAB	DOCUMENT	DATE	PAGES
1.	Biographies of the proposed joint provisional liquidators	Undated	1-3
2.	Etherscan – the Company's transactions on FTX	Undated	4
3.	Etherscan – the Company's transactions with Fund 0x3BA and Aave	Undated	5
4.	Etherscan – the Company's transactions to unknown account	Undated	6-7
5.	Etherscan – unknown account that had not received or transferred any funds in the past 2 years	Undated	8-9
6.	Etherscan – unknown account records a number of transfers in and out of the account in the past week	Undated	10-11
7.	Certificate of Incorporation of the Company	3 May 2012	12
8.	Non-Liquidating Account Agreement between the Company and Deribit	30 March 2020	13-15
9.	Loan Agreement between the	31 March 2020	17-20

TAB	DOCUMENT	DATE	PAGES
	Company and Deribit		
10.	Loan term sheet of the Company's borrowing of 500 Bitcoin	1 April 2020	21
11.	Loan term sheet of the Company's borrowing of 300 Bitcoin	28 April 2020	22
12.	Loan term sheet of the Company's borrowing of 1500 Bitcoin	1 January 2021	23
13.	Loan term sheet of the Company's borrowing of 500 Bitcoin	7 January 2021	24
14.	Organisation chart of Tai Ping Shan Limited	May 2021	25
15.	The Company's Telegram conversation with Deribit	13 – 15 June 2022	26-30
16.	Transfers from the Company to Tai Ping Shan Limited	14 June 2022	31
17.	Letters of termination from Deribit	15 June 2022	32-35
18.	The Company's Telegram conversation with Deribit	17 - 20 June 2022	36
19.	Article from the Financial Times	17 June 2022	37-39
20.	Article from the Wall Street Journal	17 June 2022	40-50
21.	Article from Fortune	17 June 2022	51-52
22.	Article from Crypto News Flash	17 June 2022	53-55
23.	A statement of the Company's main trading account and subaccounts with Deribit's cryptocurrency derivatives exchange	20 June 2022	56
24.	Correspondence between Deribit and Solitaire LLP, enclosing a letter from Deribit to the Company dated 15 June 2022	21 - 22 June 2022	57-64
25.	Report by Bloomberg	22 June 2022	65-68
26.	Company search of the Company	22 June 2022	69-71
27.	Twitter thread	23-24 June 2022	72-75
28.	Consents to Act of the proposed joint provisional liquidators	24 June 2022	76-77

Russell Crumpler

Senior Managing Director
russell.crumpler@teneo.com

Russell Crumpler is a Senior Managing Director with Teneo in the BVI, having joined Teneo following its acquisition of KPMG's BVI Restructuring business.

Prior to joining Teneo, Russell was the Managing Director of Restructuring at KPMG in the BVI and the Head of Restructuring for KPMG's Islands Group. Russell is a JIEB qualified FCA who has led the advisory team in the BVI since 2011 and has been working as a restructuring and insolvency specialist since 2000. He is a licensed insolvency practitioner in the BVI and the former chair of RISA (BVI) Limited, the BVI's INSOL member organisation.

Russell has acted on some of the highest profile BVI Insolvency appointments of recent years including the main Luckin Coffee shareholder entities, Exential, Peak Hotels and Resorts, Titan and Victory Life. Together with his team Russell also delivers Corporate Finance, Forensic and other solutions for clients. Russell regularly speaks at industry conferences both in the BVI and internationally.

Russell has a broad range of restructuring experience, acting in a number of high profile multi-jurisdictional engagements that have involved recognition issues, litigation, asset tracing and other complex matters.

Selected Project Experience

Court appointed liquidator of an entity used as a key vehicle in a $300-800m UAE originated fraud with up to 6,000 victims. This Liquidation is ongoing but has already resulted in the first published judgment approving third party liquidation funding in the BVI.
Court appointed liquidator of an entity which held Euro100m in complex assets for the benefit of 7,000 policyholders in Scandinavia and which was placed into Liquidation by the regulator. The Liquidation process was fully completed within two years.
Court appointed liquidator of a company that was a significant joint shareholder of one of the world's most luxurious hotel brands (Aman Resorts). The company has been involved in significant litigation in multiple jurisdictions regarding ownership of the underlying assets and other asset tracing claims.
Court appointed liquidator of a BVI company whose underlying entities owned the largest privately held oil & gas storage facilities in China.
Court appointed liquidator of the main shareholder entities of China's largest (by outlet) coffee chain.
Receiver of various entities with roles to both protect assets pending the resolution of disputes and to take control and sell assets for value.
Numerous voluntary liquidations of varying complexity – in one instance with multiple subsidiaries and in excess of $17bn of assets, and in others dealing with very high value real estate assets, regulated entities and complex estates of deceased individuals.
Court appointments over BVI companies associated with UAE, Afghanistan, Cyprus, Ukraine, Russia, Spain, Taiwan, China, the UK, the US and other jurisdictions. Such appointments have included situations where there is a dispute between

shareholders/stakeholders, where there is ongoing litigation and/or where asset tracing exercises are required.
Russell and key members of KPMG BVI's senior management team have extensive experience providing contingency planning, options analysis and early exit strategies across a wide variety of sectors. Furthermore, KPMG's BVI team has been named Insolvency Practice of the Year in the BVI Finance awards for 2019 and 2020.

Christopher Farmer

Senior Managing Director
christopher.farmer@teneo.com

Christopher Farmer is a Senior Managing Director with Teneo in the BVI, having joined Teneo following its acquisition of KPMG's BVI Restructuring business.

Prior to joining Teneo, Chris was a Director at KPMG in the BVI. Chris is a JIEB qualified FCA who has been part of the senior management team in the BVI since 2015 and has been working as a restructuring and insolvency specialist since 2006.

Chris has acted on, and managed some of the highest profile BVI Insolvency appointments of recent years and has considerable experience acting as both a Court appointed and out of Court receiver. In addition, Chris has delivered M&A, Transaction Advisory, Forensic and other advisory solutions for clients.

Chris has spoken on panels for both Insol International and the Turnaround and Management Association in South America.

Chris is a licensed insolvency practitioner in the BVI and former member of the RISA (BVI) Limited technical committee, the BVI's INSOL member organisation.

Selected Project Experience

Chris's restructuring and wider advisory experience includes being a Court appointed liquidator of BVI companies associated with China, Russia, South America, the UK, the US and other jurisdictions subject to multi-jurisdictional engagements, litigation, fraud, asset tracing and other complex matters.

Court appointed voluntary liquidator of BVI companies subject to both foreign and local legal proceedings.
Court appointed receiver of BVI companies for the purpose of securing, protecting and preserving assets, and to undertake the sale of those shares or assets in full or part satisfaction of outstanding liabilities.
Out of court receiver over BVI companies appointed under security documents.
Liquidation of a London market insurance company and implementation of scheme of arrangement and Part VII portfolio transfers.
Led the Triage and Turnaround Advisory team for Australian boutique advisory firm focusing on distressed debt and special situations engagements. This work, together with other experience resulted in multiple independent business reviews, financial modelling, supply side reporting and restructuring plans, as well as multiple buy and sell side due diligence engagements including both financial and commercial reporting.
Sell side and buy side M&A, IPO assistance, Transaction Advisory (financial and commercial due diligence engagements), and other advisory solutions, including the sale of a large UK-based insurance broker and the listing of a technology company on the ASX.
Extensive experience providing contingency planning, options analysis and early exit strategies across a wide variety of sectors. Furthermore, KPMG's BVI team has been named Insolvency Practice of the Year in the BVI Finance awards for 2019 and 2020.

Transactions

For 0x4862733b5fddfd35f35ea8ccf08f5045e57388b3 **Three Arrows Capital**

A total of 7,717 transactions found

First < Page 1 of 155 > Last

	Txn Hash	Method ⓘ	Block	Age	From		To	Value	Txn Fee
	0x1ca854b0c64dfac023a...	Transfer	14993682	3 days 21 hrs ago	Three Arrows Capital	OUT	Wrapped BTC: WBTC To...	0 Ether	0.00072125
	0x24932b0edaba2631b9...	Transfer	14971643	7 days 16 hrs ago	Kraken 4	IN	Three Arrows Capital	0.9965 Ether	0.00055187
	0x11214257c01ab2b737...	Transfer	14971189	7 days 18 hrs ago	Three Arrows Capital	OUT	Tether: USDT Stablecoin	0 Ether	0.00254814
	0xe82a9a7f8d3f900eea4...	Transfer	14967913	8 days 7 hrs ago	Three Arrows Capital	OUT	Centre: USD Coin	0 Ether	0.00878624
	0xaac27e9ad27a82b309...	Transfer	14961690	9 days 9 hrs ago	0x78166a9ea7c944a6e7...	IN	Three Arrows Capital	0.047331869505415 Ether	0.00068087
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	0x58cb6b4c7[illegible]	Transfer	14960798	9 days 13 hrs ago	Three Arrows Capital	OUT	Fund: 0x3BA...247	10,139.998690729997562 Ether	0.00081079
	0xeece41b5f1016d99bb...	Transfer	14960755	9 days 13 hrs ago	Three Arrows Capital	OUT	Three Arrows Capital 2	4.790 Ether	0.00101305
	0x0b129f4f190b5122243...	Transfer	14960748	9 days 13 hrs ago	FTX Exchange 2	IN	Three Arrows Capital	150 Ether	0.0006764
	0x966861c7569c3943b8...	Transfer	14960744	9 days 13 hrs ago	FTX Exchange 2	IN	Three Arrows Capital	250 Ether	0.00102994
	0xe928574e4c640698f0...	Transfer	14960741	9 days 13 hrs ago	FTX Exchange 2	IN	Three Arrows Capital	500 Ether	0.00198222
	0x0a4f129b2971493c07...	Transfer	14960740	9 days 13 hrs ago	FTX Exchange 2	IN	Three Arrows Capital	1,000 Ether	0.00196578
	0x6a9baa5a877955b3a6...	Transfer	14960734	9 days 13 hrs ago	FTX Exchange 2	IN	Three Arrows Capital	3,000 Ether	0.00079182
	0xd965cd5109de00305f...	Transfer	14960734	9 days 13 hrs ago	FTX Exchange 2	IN	Three Arrows Capital	3,000 Ether	0.00079228
	0x05d1a1c68466b71d75...	Transfer	14960733	9 days 13 hrs ago	FTX Exchange 2	IN	Three Arrows Capital	3,000 Ether	0.00081612
	0xed540e8d526be28ab3...	Transfer	14960732	9 days 13 hrs ago	FTX Exchange 2	IN	Three Arrows Capital	3,000 Ether	0.0006788
	0x1832c2700525c0ee11f...	Transfer	14960730	9 days 13 hrs ago	FTX Exchange 2	IN	Three Arrows Capital	1,000 Ether	0.00078217

14,900 ETH (approx. USD 17 million) transferred from FTX to Three Arrows Capital on 14 June 2022.

10,140 ETH (approx. USD 11.7 million) transferred from Three Arrows Capital to Fund 0x3BA...

Txn Hash	Method ⓘ	Block	Age	From		To	Value	Txn Fee
0xba7018ecab73069bde...	Transfer	15000171	2 days 19 hrs ago	Fund: 0x3BA...247	OUT	Tether: USDT Stablecoin	0 Ether	0.003037597783
0xecef70f263f905053dec...	Transfer	14977703	6 days 15 hrs ago	Fund: 0x3BA...247	OUT	Tether: USDT Stablecoin	0 Ether	0.001491413039
0x01e09b1e5b754ca97c...	Transfer	14977774	6 days 15 hrs ago	Fund: 0x3BA...247	OUT	Tether: USDT Stablecoin	0 Ether	0.001374405697
0x58ee0d54827edfcbafe...	0x415565b0	14976124	6 days 22 hrs ago	Fund: 0x3BA...247	OUT	0x: Exchange Proxy	0 Ether	0.003681696807
0x0ad108f6500f1562817...	0x415565b0	14976114	6 days 22 hrs ago	Fund: 0x3BA...247	OUT	0x: Exchange Proxy	0 Ether	0.003238152065
0xfdea0755910091686a	Transfer	14971149	7 days 19 hrs ago	Fund: 0x3BA...247	OUT	Tether: USDT Stablecoin	0 Ether	0.001213684922
0x7a98f23b1b587d55ccf	0x415565b0	14971142	7 days 19 hrs ago	Fund: 0x3BA...247	OUT	0x: Exchange Proxy	0 Ether	0.001315047809
0xf21c21a2fe42e2bfa6	Transfer	14961050	9 days 12 hrs ago	Fund: 0x3BA...247	OUT	Lido: stETH Token	0 Ether	0.002137035823
0x037acf345fa88170857...	Withdraw	14960957	9 days 13 hrs ago	Fund: 0x3BA...247	OUT	Aave: Lending Pool V2	0 Ether	0.002134592194
0xcafba73b0a13f5b84f7	Repay ETH	14960952	9 days 13 hrs ago	Fund: 0x3BA...247	OUT	Aave: WETH Gateway	8,377.054621123420122 Ether	0.013356804482
0x7c891013f89ba2d0a8...	0x415565b0	14960945	9 days 13 hrs ago	Fund: 0x3BA...247	OUT	0x: Exchange Proxy	0 Ether	0.015507142859
0x3405ac5e40f25845d8...	Transfer	14960940	9 days 13 hrs ago	Fund: 0x3BA...247	OUT	Lido: stETH Token	0 Ether	0.003772397316
0x00b38277e16c67afba...	Withdraw	14960879	9 days 13 hrs ago	Fund: 0x3BA...247	OUT	Aave: Lending Pool V2	0 Ether	0.014057649
0x57d40be4469dcbc094...	Repay ETH	14960866	9 days 13 hrs ago	Fund: 0x3BA...247	OUT	Aave: WETH Gateway	28.341 Ether	0.005574893878
0xe115178f496b3d0160...	0x415565b0	14960864	9 days 13 hrs ago	Fund: 0x3BA...247	OUT	0x: Exchange Proxy	0 Ether	0.009870855038
0xb0a705633b2b9ceb3b...	Approve	14960857	9 days 13 hrs ago	Fund: 0x3BA...247	OUT	Lido: stETH Token	0 Ether	0.002159283336
0x3a27922f06cf498de3a...	Unwrap	14960843	9 days 13 hrs ago	Fund: 0x3BA...247	OUT	Lido: wstETH Token	0 Ether	0.004029014021
0xa88748cdaf0f5316d97...	Withdraw	14960839	9 days 13 hrs ago	Fund: 0x3BA...247	OUT	Aave: Lending Pool V2	0 Ether	0.015624222358
0xfc989a3d40d5534357	Repay ETH	14960831	9 days 13 hrs ago	Fund: 0x3BA...247	OUT	Aave: WETH Gateway	6,981 Ether	0.011032559671
0x55a532892e2d2fe66a...	Transfer	14960827	9 days 13 hrs ago	Three Arrows Capital 2	IN	Fund: 0x3BA...247	6,981 Ether	0.000696379247
0x1359e2a0c507690be9...	Withdraw	14960822	9 days 13 hrs ago	Fund: 0x3BA...247	OUT	Aave: Lending Pool V2	0 Ether	0.015015645438
0x8fb483223fc2ac237fa...	Repay ETH	14960813	9 days 13 hrs ago	Fund: 0x3BA...247	OUT	Aave: WETH Gateway	8,140 Ether	0.012830556402
0x898d5c59b128602d21...	Repay ETH	14960801	9 days 13 hrs ago	Fund: 0x3BA...247	OUT	Aave: WETH Gateway	2,000 Ether	0.003426859026
0xf8d334c59f4467ed45f...	Transfer	14960798	9 days 13 hrs ago	Three Arrows Capital	IN	Fund: 0x3BA...247	10,139.998600729997562 Ether	0.000810707431
0x825be0baf0840816e8...	Transfer	14923725	15 days 22 hrs ago	Fund: 0x3BA...247	OUT	Lido: wstETH Token	0 Ether	0.002805037697

Token Tether USD

Overview

PRICE
$1.00

FULLY DILUTED MARKET CAP
$32,378,051,852.28

Max Total Supply: 32,316,220,940.394832 USDT

Holders: 4,613,678

Profile Summary

Contract: 0xdac17f958d2ee523a2206206994597c13d831ec7

Decimals: 6

Official Site: https://tether.to/

Social Profiles:

FILTERED BY TOKEN HOLDER (Three Arrows Capital)
0x4862733b5fddfd35f35ea8ccf08f5045e57388b3

BALANCE
27,843.86362 USDT

VALUE
$27,899.65 (~24.3409 Eth) [0.0001%]

Transfers | Info | Contract | Analytics

A total of 3,303 transactions found

	Txn Hash	Method	Age	From		To	Quantity
	0x8e9c0fce8440327644	Transfer	7 days 18 hrs ago	Huobi 4	IN	Three Arrows Capital	1,048.77885
	0xa56a3379a9e89244a...	Transfer	8 days 3 mins ago	OKEx 7	IN	Three Arrows Capital	20,988.448
	0x1121426fc01aa2b737t...	Transfer	8 days 1 hr ago 2022-06-16 3:33:51	Three Arrows Capital	OUT	0x393f6327036f0ce6567	10,940,919.04
	0x7ae08c43f4a8824e4f...	Transfer	8 days 1 hr ago	Binance 17	IN	Three Arrows Capital	23,667.8453
	0x4dea07659100916068a	Transfer	8 days 1 hr ago	Fund: 0x3BA...747	IN	Three Arrows Capital	8,098,466.493754
	0x8c4d20c81f809ce6d09...	Transfer	8 days 1 hr ago	Huobi 4	IN	Three Arrows Capital	18,973.918572
	0xf7d122858cb6aLc82c3...	Transfer	8 days 1 hr ago	Binance 16	IN	Three Arrows Capital	2,309,923.998144
	0x34e72a567c4ea8ee41...	Transfer	9 days 16 hrs ago	0x79106a4ea7c044a5e7	IN	Three Arrows Capital	2,496,717.42
	0x75e40a39f250249eb0...	Transfer	9 days 21 hrs ago	Three Arrows Capital	OUT	0x035af654accb123091...	757,688.480831
	0x94bc0faed5827aff913...	Transfer	9 days 22 hrs ago	Three Arrows Capital	OUT	0x6491fb27abc0d8703d	10,528,678.06
	0xe72661e56caa443e9e...	Transfer	9 days 22 hrs ago	Binance 17	IN	Three Arrows Capital	10,810,248.289839
	0xb520f82a39be33c1f49...	Transfer	10 days 57 mins ago	Three Arrows Capital	OUT	0x83ca25fc236d7cd31e	900,000
	0x634f8e35a022a1e73d...	Transfer	10 days 1 hr ago	Three Arrows Capital	OUT	0x83ca25fc236d7cd31e	100,000

	0x934f6e35a022e1a73d...	Transfer	10 days 1 hr ago	Three Arrows Capital	OUT	0x83ca25b236a7d831e...	100.000
	0x52a6459cc1a003a7e0...	Transfer	10 days 1 hr ago	Three Arrows Capital	OUT	0x675c4e84c74adec1ac	1,005,780
	0xc2d4622122fea84beb.	Transfer	10 days 1 hr ago	Three Arrows Capital	OUT	0x675c4e84c74adec1ac	9.89
	0x15a14550031284384 1...	Transfer	10 days 5 hrs ago	Three Arrows Capital	OUT	0x83ca25b236a7da31e	98,327,96
	0x5c35d7fd71f02acb31e...	Transfer	10 days 8 hrs ago	Binance 18	IN	Three Arrows Capital	2,085,635.0128
	0x22a5aa4c252dc65202...	Transfer	10 days 16 hrs ago	Bitthex 3	IN	Three Arrows Capital	393,470.428726
	0x1500e15600f217694...	Transfer	10 days 17 hrs ago	Three Arrows Capital	OUT	0x731d5a9ea7c844a8e7	2,495,707 42
	0x05040b023b2c05e292...	Transfer	10 days 17 hrs ago	Three Arrows Capital	OUT	0x731d5a9ea7c244a8e7	10
	0x05ea5be3552750993c...	Send Multi Sig T...	10 days 18 hrs ago	Contract 1	IN	Three Arrows Capital	161,259.254113
	0xe2deb45af5e6349668...	Transfer	10 days 18 hrs ago	0xec30d03f10353f2afc9	IN	Three Arrows Capital	303,456.525022
	0x6029f50311c33ab146b...	Transfer	10 days 18 hrs ago	OKEx 7	IN	Three Arrows Capital	401.633.483
	0x7f82cA81628ae1fb113...	Transfer	10 days 18 hrs ago	Huobi 12	IN	Three Arrows Capital	210,549 014567
	0xe1b4277bb2e53474edf...	Transfer	10 days 18 hrs ago	Binance 17	IN	Three Arrows Capital	1,425,499 03623

First < Page 1 of 100 > Last

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Token Tether USD

Overview

$1.00 | $32,358,313,436.32

Max Total Supply	32,315,220,240.394632 USDT
Holders	4,613,639 (+ -0.005%)

Profile Summary [Edit]

Contract:	0xdac17f958d2ee523a2206206994597c13d831ec7
Decimals:	6
Official Site:	https://tether.to
Social Profiles:	

FILTERED BY TOKEN HOLDER
0x363f58276350ce8567a3637b5a3273a23dd97cbf

21,180.689262 USDT

$21,143.29 (~18.3431 Eth) [0.0001%]

Transfers | Info | Contract | Analytics

A total of 12 transactions found

	Txn Hash	Method	Age	From		To	Quantity
	0x8b56b204c8d0568e7fd...	Transfer	3 days 2 hrs ago	0x363f58276350ce8567...	OUT	0xb224228b0fe71ceb f95	9,000,000
	0xbe761 8ecc073829 0ae...	Transfer	3 days 2 hrs ago	Fund: 0x3BA...247	IN	0x363f58276350ce8567...	4,322,729.758854
	0x1eacc0421cc84c1fa18	Transfer	3 days 2 hrs ago	Binance 14	IN	0x363f58276350ce8567...	4,633,440.830408
	0xae29d0cb5af5619eba...	Transfer	6 days 22 hrs ago	0x363f58276350ce8567...	OUT	0xb224228b0fe71ceb f95	18,000,000
	0xecef73f263f08b53cea...	Transfer	6 days 22 hrs ago	Fund: 0x3BA...247	IN	0x363f58276350ce8567...	9,277,280
	0x0fe09c1e5e764ca77c...	Transfer	6 days 22 hrs ago	Fund: 0x3BA...247	IN	0x363f58276350ce8567...	1
	0x4670e8a33089621f78	Transfer	6 days 22 hrs ago	Binance 14	IN	0x363f58276350ce8567...	8,722,719
	0x6fdb2b6 5eacfc71e3b9...	Transfer	8 days 2 hrs ago	0x363f58276350ce8567...	OUT	0xb224228b0fe71ceb f95	10,940,909.04
	0xa8a530271345 dca62c...	Transfer	8 days 2 hrs ago	0x363f58276350ce8567...	OUT	0xb224228b0fe71ceb f95	10
	0x1121 4257c0 1eb 3e733f...	Transfer	8 days 2 hrs ago (2022-06-18 3:33:51)	Three Arrows Capital	IN	0x363f58276350ce8567...	10,940,919.04
	0x927762dca2f7398a33...	Transfer	661 days 3 hrs ago	0x363f58276350ce8567...	OUT	0xf0db3ed34e6c259292	49,999.53
	0xacb561 7d73441c119c	Transfer	661 days 3 hrs ago	Binance 3	IN	0x363f58276350ce8567...	49,999.53

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Token Tether USD

Buy | Exchange | Earn | Gaming

Overview [ERC-20]

Price	$1.00 [illegible]
Fully Diluted Market Cap	$32,280,313,538.32
Max Total Supply:	32,315,220,940.394632 USDT
Holders:	4,613,639 (-0.005%)

Profile Summary [Edit]

Contract:	0xdac17f958d2ee523a2206206994597c13d831ec7
Decimals:	6
Official Site:	https://tether.to/
Social Profiles:	

FILTERED BY TOKEN HOLDER
0x363f58276350ce6587a3837b5a3273a23dd97cbf

Balance
21,180.589282 USDT

Value
$21,143.29 (~18.3481 Eth) [0.0001%]

Transfers | Info | Contract | Analytics

A total of 12 transactions found

Txn Hash	Method	Age	From		To	Quantity
[illegible]	Transfer	3 days 2 hrs ago	0x363f58276350ce6587...	OUT	[illegible]	9,000,000
[illegible]	Transfer	3 days 2 hrs ago	Fund: 0x3BA...247	IN	0x363f58276350ce6587...	4,382,739.768854
[illegible]	Transfer	3 days 2 hrs ago	Binance 14	IN	0x363f58276350ce6587...	4,633,440.820403
[illegible]	Transfer	5 days 22 hrs ago	0x363f58276350ce6587...	OUT	[illegible]	18,000,000
[illegible]	Transfer	5 days 22 hrs ago	Fund: 0x3BA...247	IN	0x363f58276350ce6587...	9,277,280
[illegible]	Transfer	5 days 22 hrs ago	Fund: 0x3BA...247	IN	0x363f58276350ce6587...	1
[illegible]	Transfer	5 days 22 hrs ago	Binance 14	IN	0x363f58276350ce6587...	8,722,719
[illegible]	Transfer	8 days 2 hrs ago	0x363f58276350ce6587...	OUT	[illegible]	10,940,909.04
[illegible]	Transfer	2022-06-16 3:40:50 8 days 2 hrs ago	0x363f58276350ce6587...	OUT	[illegible]	10
[illegible]	Transfer	8 days 2 hrs ago	Three Arrows Capital	IN	0x363f58276350ce6587...	10,940,919.04
[illegible]	Transfer	661 days 3 hrs ago	0x363f58276350ce6587...	OUT	[illegible]	49,999.53
[illegible]	Transfer	661 days 3 hrs ago	Binance 3	IN	0x363f58276350ce6587...	49,999.53

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Token Tether USD

Overview [ERC-20]

PRICE
$1.00 @ 0.000387 Eth (-0.01%)

FULLY DILUTED MARKET CAP
$32,347,536,161.34

Max Total Supply: 32,315,220,940,394632 USDT

Holders: 4,612,943 (~ -0.022%)

Profile Summary [Edit]

Contract: 0xdac17f958d2ee523a2206206994597c13d831ec7

Decimals: 6

Official Site: https://tether.to/

Social Profiles:

FILTERED BY TOKEN HOLDER
0xb224228b0fa71cebf95ea25339166cd626759b52

BALANCE
2,776,609.041725 USDT

VALUE
$2,779,385.65 (~2,407.6035 Eth) [0.0086%]

Transfers | Info | Contract | Analytics

A total of 1,880 transactions found

First < Page 1 of 76 > Last

Txn Hash	Method	Age	From		To	Quantity
0x6e776cd9176ce03e7e...	Transfer	23 mins ago	0xbc1f9f74067b76c7da4...	IN	0xb224228b0fa71cebf95...	46,092.94931
0x5eba634670f259bcc6c...	Transfer	2 hrs 58 mins ago	0x09822463e7b996df33...	IN	0xb224228b0fa71cebf95...	307,428.89085
0x9ee2a35f5425c1ae17...	Transfer	1 day ago	0x8f6fc04ea02dc4d426b...	IN	0xb224228b0fa71cebf95...	30,000
0x0709a5c50de8afcf6d8...	Transfer	1 day 43 mins ago	0xd2f4da41359afaf8fd8...	IN	0xb224228b0fa71cebf95...	200,000
0x8de40f07e283294c78...	Transfer	1 day 2 hrs ago	0xbc1f9f74067b76c7da4...	IN	0xb224228b0fa71cebf95...	111,358.5746
0x024c8d382092c123d1...	Transfer	1 day 13 hrs ago	0xb224228b0fa71cebf95...	OUT	0x142158fdb850a45b1a...	1,900,000
0x7d9c7e220d4dce1249...	Transfer	1 day 13 hrs ago	0xf9793cdd1e9031f068...	IN	0xb224228b0fa71cebf95...	1,884,979.698379
0x1edebc41caa82bf956c...	Transfer	2 days 1 hr ago	0xbc1f9f74067b76c7da4...	IN	0xb224228b0fa71cebf95...	92,764.39124
0x988dde8a1de8d2b1c...	Transfer	2 days 3 hrs ago	0xb224228b0fa71cebf95...	OUT	0x136fcd569f234491999...	200,000
0x676061d50d148ee790...	Transfer	2 days 3 hrs ago	0xb224228b0fa71cebf95...	OUT	0x136fcd569f234491999...	100,000
0x929c0a4ec10221a0bb...	Transfer	2 days 5 hrs ago	0xb224228b0fa71cebf95...	OUT	0x136fcd569f234491999...	200,000
0x4b30bf6dcd0198b35e...	Transfer	2 days 5 hrs ago	0xb224228b0fa71cebf95...	OUT	0x136fcd569f234491999...	100,000
0x9f501a5719c35e025b...	Transfer	2 days 6 hrs ago	0xdaed50cc21e2dac531...	IN	0xb224228b0fa71cebf95...	30,000
0xff609cb5cce905efdd67...	Transfer	2 days 19 hrs ago	0xd9fa94c8a0a9159d52...	IN	0xb224228b0fa71cebf95...	10,000
0xb98116da17d3ba8ef7...	Transfer	2 days 19 hrs ago	0x87fc447416047 17d74...	IN	0xb224228b0fa71cebf95...	110,000
0x34f11bc62f7eb2789f85...	Transfer	2 days 20 hrs ago	0xb224228b0fa71cebf95...	OUT	0x142158fdb850a45b1a...	150,000
0x9c6d5b197f71eb4d95...	Transfer	2 days 20 hrs ago	0x689cdf603ba3566a70...	IN	0xb224228b0fa71cebf95...	360,000
0xb83a57aabcc5ec8a2d...	Transfer	2 days 20 hrs ago	0xb224228b0fa71cebf95...	OUT	0xd0b75dff3511701af26...	249,501
0xb2528a0746801bd340...	Transfer	3 days 4 mins ago	0xbc1f9f74067b76c7da4...	IN	0xb224228b0fa71cebf95...	55,949.2727
0x54eb90c60655bfea3a...	Transfer	3 days 24 mins ago	0xb224228b0fa71cebf95...	OUT	0x142158fdb850a45b1a...	443,766.43
0x75d11c733346cf46f40...	Transfer	3 days 41 mins ago	0xe191249b8d34989a53...	IN	0xb224228b0fa71cebf95...	32,148
0x03af3231046076290d0...	Transfer	3 days 1 hr ago	0x0da534a3c5198f13f97...	IN	0xb224228b0fa71cebf95...	150,000
0x90acfbf7f62b593c053...	Transfer	3 days 1 hr ago	0x4e5b214bb6a87535e3...	IN	0xb224228b0fa71cebf95...	100,000
0x46b342cf7e5c4de6fa...	Transfer	3 days 2 hrs ago	0xfad1fd547530f425fdc...	IN	0xb224228b0fa71cebf95...	311,620.43
0x18f092d0aiva5aa0007...	Transfer	3 days 3 hrs ago	0xb224228b0fa71cebf95...	OUT	0x136fcd569f234491999...	150,000

First < Page 1 of 76 > Last

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A token is a representation of an on-chain or off-chain asset. The token page shows information such as price, total supply, holders, transfers and social links. Learn more about this page in our Knowledge Base.

Token Tether USD

Bitfinex Stablecoin

Overview [ERC-20]

PRICE	FULLY DILUTED MARKET CAP
$1.00 @ 0.000887 Eth (-0.01%)	$32,347,536,161.34

Max Total Supply: 32,315,220,940.394632 USDT

Holders: 4,612,943 (▼ -0.022%)

Profile Summary [Edit]

Contract: 0xdac17f958d2ee523a2206206994597c13d831ec7

Decimals: 6

Official Site: https://tether.to/

Social Profiles:

FILTERED BY TOKEN HOLDER	BALANCE	VALUE
0xb224228b0fe71cebf95ee25339166cd626759b52	2,776,609.041725 USDT	$2,779,385.65 (~2,407.6035 Eth) [0.0086%]

Transfers | Info | Contract | Analytics

A total of 1,880 transactions found

First ‹ Page 2 of 76 › Last

Txn Hash	Method	Age	From		To	Quantity
0xf70e7770c92b1a6720...	Transfer	3 days 4 hrs ago	0xb224228b0fe71cebf95...	OUT	0x136fcd569f234491999...	100,000
0x934ad4af15138f05b70...	Transfer	3 days 6 hrs ago	0xb224228b0fe71cebf95...	OUT	0x142158fdb850a45b1a...	9,000,000
0x8b0b864c666668e7fd...	Transfer	3 days 6 hrs ago	0x363f58276350ce6567...	IN	0xb224228b0fe71cebf95...	9,000,000
0x28d3ca7cef5f9ea7b71...	Transfer	4 days 12 mins ago	0xeec7149e65e1949038...	IN	0xb224228b0fe71cebf95...	50,000
0x32cd770822b5152ad0...	Transfer	4 days 53 mins ago	0xbc1f9f74067b76c7da4...	IN	0xb224228b0fe71cebf95...	46,825.2482
0x81342d31729b25c050...	Transfer	5 days 1 hr ago	0x34a4cb1de4010117d4...	IN	0xb224228b0fe71cebf95...	48,975
0xb004df3ede96d79c23...	Transfer	5 days 6 hrs ago	0xb224228b0fe71cebf95...	OUT	0x142158fdb850a45b1a...	500,000
0x7acbd1d457f1eb1619...	Transfer	6 days 6 hrs ago	FTX Exchange	IN	0xb224228b0fe71cebf95...	29,680.32
0x0366605de32f97bcc7...	Transfer	6 days 10 hrs ago	0xc191248b8d34989a53...	IN	0xb224228b0fe71cebf95...	35,000
0x37edc90d3311e697f0...	Transfer	6 days 22 hrs ago	0xdadb8cb0524cea05a8...	IN	0xb224228b0fe71cebf95...	100,000
0x927cfafe4bcb32d7e96...	Transfer	7 days 2 hrs ago	0xb224228b0fe71cebf95...	OUT	0x142158fdb850a45b1a...	18,000,000
0xae29d0db3ef6519a0a...	Transfer	7 days 2 hrs ago	0x363f58276350ce6567...	IN	0xb224228b0fe71cebf95...	18,000,000
0x2ba1346a529086e7aa...	Transfer	7 days 7 hrs ago	0xb224228b0fe71cebf95...	OUT	0x142158fdb850a45b1a...	500,000
0x62595891d6c8bd3273...	Transfer	7 days 16 hrs ago	0x6fad8e0815d60022ac...	IN	0xb224228b0fe71cebf95...	50,000
0x29cbfa4db225f4f14e1...	Transfer	7 days 22 hrs ago	0xb224228b0fe71cebf95...	OUT	0x142158fdb850a45b1a...	300,000
0xf1c9c2d98bde61e551...	Transfer	8 days 1 hr ago	0xb224228b0fe71cebf95...	OUT	0x8f6fc04ee02dc4d428b...	20,078.97
0x4bad4c8a107a9ef0cd...	Transfer	8 days 2 hrs ago	0x57df4a759c1c994ab7f...	IN	0xb224228b0fe71cebf95...	281,430
0x4ebbf9e41da69cc2b6...	Transfer	8 days 5 hrs ago	0xb224228b0fe71cebf95...	OUT	0x142158fdb850a45b1a...	8,400,000
0x8fdb28b5badfb71e3b9...	Transfer	8 days 5 hrs ago	0x363f58276350ce6567...	IN	0xb224228b0fe71cebf95...	10,940,909.04
0xa8a830271345ddd52d...	Transfer	8 days 5 hrs ago	0x363f58276350ce6567...	IN	0xb224228b0fe71cebf95...	10
0x19299223a815622b95...	Transfer	8 days 6 hrs ago	0xb224228b0fe71cebf95...	OUT	0x142158fdb850a45b1a...	2,500,000
0x4ae3cb7ae9e121d84b...	Transfer	8 days 22 hrs ago	0xb224228b0fe71cebf95...	OUT	0x142158fdb850a45b1a...	500,000
0x69d04c00022e83f4b7...	Transfer	8 days 22 hrs ago	0xb224228b0fe71cebf95...	OUT	0x142158fdb850a45b1a...	1,000,000
0xb1621784fff1a3bee00...	Transfer	8 days 22 hrs ago	0xb224228b0fe71cebf95...	OUT	0x142158fdb850a45b1a...	2,000,000
0xa813c961d9c2f54d5e...	Transfer	8 days 23 hrs ago	FTX Exchange	IN	0xb224228b0fe71cebf95...	5,000,456.55

First ‹ Page 2 of 76 › Last

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TERRITORY OF THE BRITISH VIRGIN ISLANDS
BVI BUSINESS COMPANIES ACT, 2004

CERTIFICATE OF INCORPORATION
(SECTION 7)

The REGISTRAR of CORPORATE AFFAIRS, of the British Virgin Islands HEREBY CERTIFIES, that pursuant to the BVI Business Companies Act, 2004, all the requirements of the Act in respect of incorporation having been complied with,

Three Arrows Capital, Ltd

BVI COMPANY NUMBER: 1710531

is incorporated in the BRITISH VIRGIN ISLANDS as a BVI BUSINESS COMPANY, this 3rd day of May, 2012.

REGISTRAR OF CORPORATE AFFAIRS
FINANCIAL SERVICES COMMISSION

for REGISTRAR OF CORPORATE AFFAIRS
3rd day of May, 2012

This is a certified true copy of Certificate of Incorporation Section (7)
31/05/18

112

47

66

Non-Liquidating Account Agreement

This service agreement (the '**Agreement**') is made and effective as of 30 March 2020 (the 'Effective Date') between:

DRB Panama Inc. ('**Deribit**'), a corporation incorporated under the laws of Panama, registered at the (Mercantile) Record No 155684990 on 11 September 2019, with registered address at Via España, Delta Bank Building, 6th Floor, Suite 604D, Panama City, Republic of Panama.

and

Three Arrows Capital Ltd., a corporation incorporated and registered in the British Virgin Islands under business number 1710531, the registered office of which is at ABM Chambers 2283, Road Town, Tortola, BVI VG1110 and Place of business 7 Temasek Blvd #21-04, Singapore 038987 (**'Customer'**).

Each a '**Party**' and together the '**Parties**'.

Recitals

A. Whereas Deribit is a company operating an online cryptocurrency derivatives exchange.

B. Whereas Customer is an investment company.

C. Whereas Customer is active as a trader on the exchange of Deribit and wishes to make changes to the normal liquidation mechanics, applicable to margined Deribit accounts, for the Deribit (sub)account(s) that at the Effective Date is/are linked to the email address kyle.davies@threearrowscap.com ('**Account**').

D. Whereas Parties wish to formalize these changes by way of this Agreement.

Agreement

1 Term

1.1 This Agreement is effective as of the Effective Date and shall remain in full force and effect for an indefinite period until terminated by either Party.

1.2 Either Party has the right to terminate this Agreement with 7 days notice without cause in writing or by way of a signed notice by email to Deribit, directed to

marius@deribit.com and/or john@deribit.com, or to Customer, directed to kyle.davies@threearrowscap.com.

2 Account settings

2.1 Subject to the terms and conditions of this Agreement, and in case Portfolio Margin is enabled for the Account, during the term of this Agreement, at any time, Customer may, in its sole and absolute discretion, request Deribit to adjust the Account settings, so that the Account will no longer be incrementally liquidated when the Maintenance Margin exceeds Equity ('**Non-Liquidation**'). '**Maintenance Margin**' is the required margin on the Account calculated according to Deribit's then current portfolio margining methodology in its sole and absolute discretion. '**Equity**' is the net asset value of the Account calculated in Deribit's sole and absolute discretion.

2.2 Customer is required to request Non-Liquidation for each separate (sub)account.

2.3 Deribit may, in its sole and absolute discretion, extend or decline the request from Customer for Non-Liquidation per (sub)account.

2.4 Customer will send a request for Non-Liquidation to Deribit by email specified in a signed Non-Liquidation Form, as attached hereto as Annex I ('**Non-Liquidation Form**'). Deribit shall by email inform Customer whether Deribit agrees to extend such Non-Liquidation and if so, attach a countersigned copy of the Non-Liquidation Form.

2.5 If Non-Liquidation has been enabled, the Account will be incrementally liquidated according to Deribit's then current liquidation method if: (i) the Initial Margin exceeds Equity for a consecutive period longer than 2 Business Days and Maintenance Margin exceeds Equity, or (ii) the Equity is below the Maintenance Margin for a consecutive period of 1 Business Day. '**Initial Margin**' is currently 130% of Maintenance Margin, calculated according to Deribit's then current portfolio margining methodology in its sole and absolute discretion. If Deribit liquidates Customer's position and the losses associated with the liquidation leave the account with negative Equity, Customer is liable for any shortfall which will be transferred to Deribit within 2 Business Days. A '**Business Day**' means any day on which commercial banks and foreign exchange markets settle payments and are open for general business in Amsterdam, The Netherlands. For the avoidance of doubt, any liability for a shortfall will survive a termination of this Agreement.

2.6 The Absolute Aggregate Delta Notional of the Account will be kept below 2000 BTC. If this maximum is exceeded, Customer is not allowed to further increase the Absolute Aggregate Delta Notional of the Account, but only to reduce it. '**Absolute Aggregate Delta Notional**' is the aggregate of the delta positions in the Account, calculated according to Black and Scholes option pricing methodology in Deribit's sole and absolute discretion.

3 Warranties

Each Party hereby warrants and undertakes to the other Party that:

a) it is duly authorised and empowered to perform its duties and obligations under this Agreement;
b) it is acting as principal in respect to this Agreement.

4 Limitation of Liability

No Party shall have any liability under this Agreement, including liability for its own negligence, for damages, losses or expenses suffered by any other party as a result of the performance or non-performance of such party's obligations hereunder, unless such damages, losses or expenses are caused by or arise out of the wilful misconduct, fraud or gross negligence of such party or a breach by such party. No Party shall have any liability to the other parties for indirect, incidental or consequential damages that such other Party or any third party may incur or experience on account of the performance or non-performance of such Party's obligations hereunder.

5 General Provisions

5.1 Any amendments to this Agreement must be in writing and signed by both Parties.

5.2 Neither Party may delegate its duties under this agreement without the prior written consent of the other Party.

5.3 Should any provisions of this agreement as a whole or in part become void, invalid, or unenforceable, the validity and enforceability of the other provisions is not thereby affected. Parties agree to replace the void, invalid or unenforceable provisions with a valid and enforceable provision that comes closest to the purpose and intent of the contract to the extent legally permitted. The same applies if there is a gap in the agreement which needs to be filled in.

6 Applicable law & jurisdiction

6.1 This Agreement is governed by and shall be construed and enforced in accordance with Dutch law.

6.2 Any dispute, controversy, difference, claim arising out of or relating to this contract, shall be referred to and finally resolved by the court in Amsterdam, The Netherlands.

For and on behalf of DRB Panama Inc.	**For and on behalf of Three Arrows Capital Ltd.**
Johannes Antonius Jansen	Kyle Davies
Name	Name
Attorney-in-fact	Chairman
Title	Title
Panama City - Panama	Singapore
Place	Place
30 March 2020	30 March 2020
Date	Date
Signature	Signature

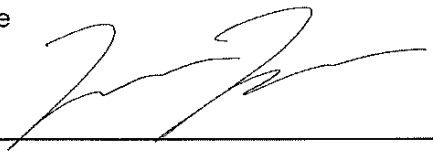
15

Annex I – Non-Liquidation Form

This Non-Liquidation Form incorporates all of the terms of the Non-Liquidating Account Agreement entered into by DRB Panama Inc. and Three Arrows Capital Ltd. dated 30 March 2020 (the 'Agreement').

Customer wishes to request Non-Liquidation, as defined in the Agreement, for the following (sub)account(S):

Email address Account:	kyle.davies@threearrowscap.com
Username:	mobyDck
Main account	37726
Sub account	N.A.

For and on behalf of DRB Panama Inc.	**For and on behalf of Three Arrows Capital Ltd.**
Johannes Antonius Jansen	Kyle Davies
Name	Name
Attorney-in-fact	Chairman
Title	Title
Panama City - Panama	Singapore
Place	Place
30 March 2020	30 March 2020
Date	Date
	
Signature	Signature

Loan Agreement

This Loan Agreement (the "**Agreement**") is entered into as of the latest date signed below (the "**Effective Date**") by and between:

DRB Panama Inc., a corporation incorporated under the laws of Panama, registered at the (Mercantile) Record No 155684990, with registered address at Via España, Delta Bank Building, 6th Floor, Suite 604D, Panama City, Republic of Panama ("**DRB**");

and

Three Arrows Capital Ltd., a corporation incorporated and registered in the British Virgin Islands under business number 1710531, the registered office of which is at ABM Chambers 2283, Road Town, Tortola, BVI VG1110 and Place of business 7 Temasek Blvd #21-04, Singapore 038987 ("**Borrower**").

Each of DRB or Borrower hereinafter also a **Party** and together the **Parties**.

Recitals

A. Whereas DRB is a company operating an online cryptocurrency derivatives exchange, and in that capacity has funds available in the form of Bitcoins and Ether.

B. Whereas Borrower is a company providing market liquidity.

C. Whereas Borrower is active as a trader on DRB's exchange and wishes to borrow Bitcoins and/or Ether from DRB.

D. Whereas the Parties wish to formalize the loan by way of this Agreement.

Agreement

1 Loan

1.1 Subject to the terms and conditions of this Agreement, Borrower may, in its sole and absolute discretion, request DRB to extend a loan to Borrower of a specified number of Bitcoins and Ether, and DRB may, in its sole and absolute discretion, either extend such a Loan or decline to extend such a Loan (hereinafter the principal outstanding total amount of loans the **"Loan"**).

1.2 During the term of this Agreement, Borrower may by email request DRB for a loan as stipulated under 1.1 above, specified in a signed loan term sheet in the form as attached hereto as Annex I (a "**Loan Term Sheet**"). DRB shall by email inform Borrower whether DRB agrees to extend make such a Loan and if so, attach a countersigned copy of the Loan Term Sheet. In case Parties agree on a new loan,

DRB shall credit the amount of such a loan to the wallet that Borrower maintains with DRB.

1.3 Borrower is required to have a minimum amount of the borrowed coins (BTC and/or ETH) in the Deribit account(s) of Borrower. If the balance of the Deribit account(s) of Borrower is below the minimum amount, Borrower is required to replenish the amount of Bitcoin and/or Ether to the minimum amount within 24 hours. In case Borrower does not restore the ratio within 24 hours, interest of 0.15% per day for the number of Bitcoins and/or Ether that has to be transferred by Borrower to the Deribit account(s) of Borrower will be accrued and will be payable daily.

1.4 DRB has the right to terminate each Loan without cause in writing or by way of a signed notice (which can include email) to Borrower. Borrower shall repay all Bitcoins and/or Ether and accrued interest under such terminated Loan to DRB within five days of receipt of such notice.

1.5 Borrower has the right to terminate each Loan at any time by way of delivery of the outstanding amount of Bitcoins and/or Ether (principal and accrued interest) of such loan to DRB.

1.6 In the event of a hard fork in the Bitcoin blockchain any incremental tokens generated as a result of a hard fork in the Bitcoin protocol that results in the new tokens, such new tokens will be added to the Loan balance.

2 Term & Termination

2.1 The term of this Agreement shall commence on the Effective Date and shall remain in full force and effect for an indefinite period, until terminated by either.

2.2 DRB can terminate this Agreement with a 5 days written notice (which can include email) to Borrower. Borrower shall repay the outstanding Loan plus any accrued interest at the latest 5 days after the date of DRB's notice.

2.3 Borrower can terminate this Agreement by repaying the Loan and any accrued interest in full and giving written notice (which can include email) to DRB that it wishes to terminate this Agreement. The termination will only be effective after the full outstanding amount has been received by DRB.

3 Warranties

Each Party hereby warrants and undertakes to the other Party that:

a) it is duly authorised and empowered to perform its duties and obligations under this Agreement;
b) it is not restricted under the terms of its constitution or in any other manner from lending or borrowing Bitcoins and/or Ether in accordance with this Agreement or from otherwise performing its obligations hereunder; and
c) it is acting as principal in respect to this Agreement.

4 Confidentiality

4.1 Subject to the terms and conditions of this Agreement, "**Confidential Information**" means, collectively and separately, in relation to either party or any of either party's affiliates, any information relating to data, code, databases, infrastructure, technologies, trade secrets, methods of doing business, operations, proposals, business models, plans, projections, commercial directions, business relations, customer lists, ideas, financial information, transactions, agreements with third parties, security procedures and any information concerning their business or personal activities in their capacity.

4.2 Subject to the terms and conditions of this Agreement, Confidential Information shall not include any information that (i) is or becomes generally available to the public, or (ii) was lawfully in the possession of the recipient prior to the disclosure to it of such information as evidenced in writing, or (iii) was lawfully disclosed to the recipient by a third party, or (iv) was independently developed without the use of any Confidential Information from the disclosing party. Each Party may make disclosures required by law or court order provided that Party uses diligent reasonable efforts to limit disclosure and has allowed the other Party to seek a protective order.

4.3 Each Party shall keep all Confidential Information it receives from the other party strictly
confidential and shall use Confidential Information only for the purpose of this Agreement.

4.4 Each Party shall take reasonable security precautions, at least as great as the precautions it takes to protect its own confidential information, but no less than reasonable care, to keep the Confidential Information confidential.

4.5 The recipient party shall notify the disclosing party immediately upon discovery of any unauthorized use or disclosure of Confidential Information or any other breach of this Agreement and will cooperate in every reasonable way to help the disclosing party regain possession of the Confidential Information and prevent its further unauthorized use or disclosure.

5 General Provisions

Any amendments to this Agreement must be in writing and signed by both Parties. Neither party may delegate its duties under this agreement without the prior written consent of the other party. Should any provisions of this agreement as a whole or in part become void, invalid, or unenforceable, the validity and enforceability of the other provisions is not thereby affected.

6 Applicable law & jurisdiction

This agreement is governed by and shall be construed and enforced in accordance with Dutch law. Any dispute, controversy, difference, claim arising out of or relating to this contract, shall be referred to and finally resolved by the court in Amsterdam, The Netherlands.

In witness, thereof, the Parties have executed this Agreement as of the Effective Date set forth above.

For and on behalf of DRB Panama Inc.	**For and on behalf of Three Arrows Capital Ltd.**
Johannes Antonius Jansen	Kyle Davies
Name	Name
Attorney-in-fact	Chairman
Title	Title
Panama City - Panama	Singapore
Place	Place
31March 2020	31 March 2020
Date	Date
Signature	Signature

Annex I – Loan Term Sheet

This Loan Term Sheet incorporates all of the terms of the Loan Agreement entered into by DRB Panama Inc. and Three Arrows Capital Ltd. dated 31 March 2020 and the following specific terms:

Lender:	DRB Panama Inc.
Borrower:	kyle.davies@threearrowscap.com
Number of Bitcoins:	500
Number of Ether:	0
Loan start date:	1 April 2020
Maturity:	One year auto renewable
Interest rate per annum:	2.5%

For and on behalf of DRB Panama Inc.	**For and on behalf of Three Arrows Capital Ltd.**
Johannes Antonius Jansen	Kyle Davies
Name	Name
Attorney-in-fact	Chairman
Title	Title
Panama City - Panama	Singapore
Place	Place
31 March 2020	31 March 2020
Date	Date
Signature	Signature

5

Annex I – Loan Term Sheet

This Loan Term Sheet incorporates all of the terms of the Loan Agreement entered into by DRB Panama Inc. and **Three Arrows Capital Ltd.** dated 31 March 2020, and is an addition to the Loan Term Sheet entered into by DRB Panama Inc. and **Three Arrows Capital Ltd.** on 31 March 2020. The following specific terms apply to this Loan Term Sheet.

Lender:	DRB Panama Inc.
Borrower:	kyle.davies@threearrowscap.com
Number of Bitcoins:	300
Number of Ether:	0
Loan start date:	28 April 2020
Maturity:	One year auto renewable
Interest rate per annum:	2.5%

For and on behalf of DRB Panama Inc.	**For and on behalf of Three Arrows Capital Ltd.**
Johannes Antonius Jansen	Kyle Davies
Name	Name
Attorney-in-fact	Chairman
Title	Title
Panama City - Panama	Singapore
Place	Place
28 April 2020	28 April 2020
Date	Date
	
Signature	Signature

Annex III – Loan Term Sheet

This Loan Term Sheet incorporates all of the terms of the Loan Agreement entered into by DRB Panama Inc. and Three Arrows Capital Ltd. dated 31 March 2020 and supersedes Annex II, dated 1 July 2020, with the following updated terms:

Lender:	DRB Panama Inc.
Borrower:	kyle.davies@threearrowscap.com - UID 37726
Number of Bitcoin:	0
Number of Ether:	15000
Loan start date:	1 January 2021
Maturity:	One year auto renewable
Interest rate per annum:	2.5%

For and on behalf of DRB Panama Inc.	**For and on behalf of Three Arrows Capital Ltd.**
Johannes Antonius Jansen	Kyle Davies
Name	Name
Director	Chairman
Title	Title
Panama City - Panama	Singapore
Place	Place
29 December 2020	28-December-2020
Date	Date
Signature	Signature

Annex II – Loan Term Sheet

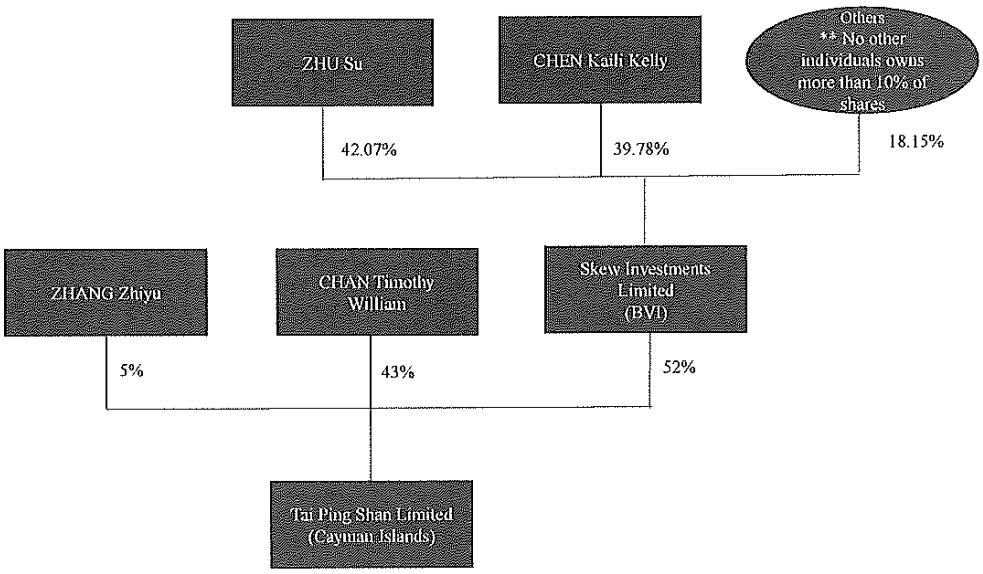
This Loan Term Sheet incorporates all of the terms of the Loan Agreement entered into by DRB Panama Inc. and Three Arrows Capital Ltd. dated 31 March 2020 and the following specific terms:

Lender:	DRB Panama Inc.
Borrower:	kyle.davies@threearrowscap.com - UID 37726
Number of Bitcoin:	0
Number of Ether:	5000
Loan start date:	1 July 2020
Maturity:	One year auto renewable
Interest rate per annum:	2.5%

For and on behalf of DRB Panama Inc.	**For and on behalf of Three Arrows Capital Ltd.**
Johannes Antonius Jansen	Kyle Davies
Name	Name
Attorney-in-fact	Chairman
Title	Title
Panama City - Panama	
Place	Place
1 July 2020	1 July 2020
Date	Date
Signature	Signature

1

Organization Chart
Tai Ping Shan Limited



13 June 2022

Luuk Deribit created group «3A - Deribit» with members Luuk Deribit, Kyle, Marius, John Deribit, Shaun Deribit and Maarten van den Muijsenberg

Luuk Deribit invited Ming-Xin

Luuk Deribit 20:07

I can't add Su because of privacy settings

Have created this smaller group to continue the discussion. 20:07

Marius 20:08

Well, to start the discussion.

Luuk Deribit 20:08

Please indicate what the state of the fund is at this moment and the indication when and if you can replenish equity.

Lack of communication is getting us concerned. 20:09

We have sold roughly 2000 btc and 20 k eth so far over about 5 hours. 20:23

Luuk Deribit 21:12

2300 BTC and 22 k ETH was sold thus far. We continue the process of closing your position pending market liquidity.

Shaun Deribit 22:10

since we haven't heard from you @kyled1 @Mingxin_TAC , and if we don't hear from you soon, we will become more aggressive on the reducing of position

14 June 2022

Luuk Deribit 03:19

Have sold to approx USD 85m total position (35m in ETH and 50m in BTC)

Your negative total equity is now 29.800 ETH and 2160 BTC 03:20

As requested before any sign of life would be appreciated. 03:21

We will be forced to notify other shareholders of this issue so please communicate to avoid wrong messaging. 03:26

Luuk Deribit 03:58

We see a balance of 32M USDC in one of your wallets, would appreciate if you can deposit that as collateral with Deribit.

In reply to this message 04:06

This is approximately in line with your negative equity so in Dollar terms the position is hedged.

Marius 04:19

In reply to this message

You could even deposit USDT to your ERC-20 deposit address on Deribit. We see you guys sending it to others and are active, so could as well send it to Deribit. This lack of communication is really disturbing.

Marius 06:40

You really need to start communicating. Deribit legal team is preparing for the worst now. Including plan of seizure of your assets and stocks. That includes breaking agreement Deribit has with Tai Ping Shan. People will hear about this and this could bring unrepairable damage to your reputation. Don't do anything stupid and please communicate.

Marius 14:33

Should have posted it here. Deleted the other message.

As said. A party showed interest in buying the shares. We have no idea about your exact position, but if this could help you out. Would be good to look at possible solutions.

15 June 2022

Luuk Deribit 02:11

https://twitter.com/zhusu/status/1536876343815983104?s=21&t=fHncdOaw-93mDNXBAMX5Yg

We would appreciate to be included in this communication process 02:11

7 June 2022

LD Luuk Deribit 12:54
@Ningxin_TAC please replenish both BTC and ETH

N Ningxin 13:12
done

LD Luuk Deribit 13:14
Thanks

9 June 2022

N Ningxin 14:36
hi team, could u pls help approve 1700 ETH withdrawal?

@btcmaximalist @kyled1 2nd approval pls 14:36

SZ S Z 14:37
Approved

N Ningxin 14:37
@Luuk_Deribit @Shaun_Deribit

LD Luuk Deribit 14:38
Approved

10 June 2022

LD Luuk Deribit 14:29
@Ningxin_TAC please replenish ETH

SZ S Z 16:11
In reply to this message
Ack, will do tmrw am sgt

11 June 2022

N Ningxin 01:30
done

N Ningxin 12:17
Hi team, we cannot sell eth perp to reduce positions

Could u pls advise 12:17

@Luuk_Deribit @Shaun_Deribit 12:29

LD Luuk Deribit 12:58
You have negative equity, you would first have to replenish that.

LD Luuk Deribit 17:47
@Ningxin_IAC please replenish ETH as you are looking at minus 6k equity now.

SZ S Z 17:47
In reply to this message
Noted, will do tmrw am sgt

LD Luuk Deribit 17:47
And 250 btc

SZ S Z 17:47
Noted

13 June 2022

SD Shaun Deribit 07:20
When would you be able to refill?

SD Shaun Deribit 09:23
@Ningxin_IAC

SZ S Z 09:42
In reply to this message
Could you pls enable us to sell positions

Will send margin 09:42

But need api to be able to sell 09:42

SD Shaun Deribit 09:45
can you try now? otherwise I will have to sell it for you

N Ningxin 09:46
still not working

SD Shaun Deribit 09:47
ok, want me to sell your whole eth position on 37726 main account?

please at least try with UI first 09:49

SZ S Z 09:49
In reply to this message
Can you twap sell 48hrs

The eth and btc perps on deribit 09:49

SD Shaun Deribit 09:50
no, I can't slice your deltas over a 48 hour period

N Ningxin 09:51
In reply to this message
ui worked
could u enable api as well? 09:51

SD Shaun Deribit 09:52
thats not possible since you are in negative equity

SZ S Z 09:53
Ok ty

SD Shaun Deribit 10:30
when do you expect funds to arrive?

LD Luuk Deribit 12:24
@Ningxin_IAC please replenish equity asap as the deficit is quite large.

Shaun Deribit invited Maarten van den Muijsenberg

LD Luuk Deribit 12:51
@btcmaximalist @kyle91 can you indicate when you can refill the account please?

SD Shaun Deribit 14:53
@Ningxin_IAC shall I sell around 100btc and 1000 eth a few times every hour for you?

N Ningxin 14:58
sure that works

LD Luuk Deribit 14:59
@Ningxin_IAC can you also indicate when and how much equity you can replenish?
can you also get @kyle91 or @btcmaximalist to confirm this approach? 15:01

K Kyle 15:03
Approved

SD Shaun Deribit 15:04
please can you send an email to shaun@deribit.com and john@deribit.com to confirm we can reduce your position on btc and eth for your main account (aid:37726)

N Ningxin 15:07
sent

N Ningxin 15:07
sent

MV Maarten van den Muijsenberg 16:50
sold about 700 btc and 7000 eth so far, want me to continue

? 16:51

SD Shaun Deribit 16:52
@kyled1 @btcmaximalist

MV Maarten van den Muijsenberg 17:07
Will sell another 300 btc and 3000 eth unless i hear otherwise

MV Maarten van den Muijsenberg 17:33
Sold roughly 1000 btc and 10000 eth

LD Luuk Deribit 17:53
@Ningxin_IAC @fung1916 @kyled1 @btcmaximalist

How much do you want us to sell?

We sold roughly 1000 BTC and 10000 ETH, do you want us to continue?

please indicate to which level? 17:54

Address 0x83ca25fC236D7Dd31E6e5536F94283E3005dC93F

Announcement: The Gray Glacier network upgrade is happening at block 15,050,000. Update your node to the latest client version!

Overview		More Info	
Balance:	0.41746571790279193 Ether	My Name Tag:	Not Available, login to update
Ether Value:	$483.01 (@ $1,157.00/ETH)		
Token:			

Transactions | Erc20 Token Txns | Analytics | Comments

Latest 25 ERC-20 Token Transfer Events

Txn Hash	Age	From		To	Value	Token
0x2af0b276d241c8102c...	7 days 11 hrs ago	0x83ca25fc236d7dd31e...	OUT	0xdf4e2742ad821c21ca...	10,666.3762404	Cronos Coin (CRO)
0xca319247c706131a3a...	7 days 11 hrs ago	0x83ca25fc236d7dd31e...	OUT	0xdf4e2742ad821c21ca...	1,112.49818056	FTT (FTX To...)
0xd0f47b5a70a08e3f4a7...	7 days 14 hrs ago	0x83ca25fc236d7dd31e...	OUT	0xb9faaa84b104123532a...	90,135	Synapse (SYN)
0xa8546b6519a66dd9e9...	8 days 15 hrs ago	0x83ca25fc236d7dd31e...	OUT	0xdf4e2742ad821c21ca...	10,464,524.56	USD Coin (USDC)
0x8b504b25ccc92e3df8d...	8 days 17 hrs ago	0x83ca25fc236d7dd31e...	OUT	0x261f52ac9fba2585ccfc...	100	USD Coin (USDC)
0x1730753d0884405e02...	8 days 17 hrs ago	0x83ca25fc236d7dd31e...	OUT	0x56b2dc24a68aad4fb6...	20,000	USD Coin (USDC)
0xa67e3211358babf17a...	8 days 20 hrs ago	0x83ca25fc236d7dd31e...	OUT	0xc71f1e77525cb895c61...	618,466.55	USD Coin (USDC)
0x7d1d97173c1d35a53b...	8 days 21 hrs ago	0x83ca25fc236d7dd31e...	OUT	0xc71f1e77525cb895c61...	100	USD Coin (USDC)
0x2346031259fa547066...	8 days 21 hrs ago	Uniswap V2: NOSHIT	IN	0x83ca25fc236d7dd31e...	150.833963492822006083	No Shit (NOSHIT)
0x63e480e20ac6176833...	8 days 21 hrs ago	0x83ca25fc236d7dd31e...	OUT	0x56b2dc24a68aad4fb6...	5,008,888	USD Coin (USDC)
0x6727b427eefb885989...	8 days 21 hrs ago	0x83ca25fc236d7dd31e...	OUT	0xd5113ff5cf55de85a0b5...	2,003,000	USD Coin (USDC)
0x63dca07c2e55803a5a...	8 days 22 hrs ago	0x83ca25fc236d7dd31e...	OUT	0xdf4e2742ad821c21ca...	3,888,888	USD Coin (USDC)
0x536f133aaf733933863...	9 days 3 mins ago	0x83ca25fc236d7dd31e...	OUT	0x88dfbd93f509d0b3dcb...	2,000,000	USD Coin (USDC)
0x81205c6b28fe9c2878...	9 days 7 hrs ago	0x83ca25fc236d7dd31e...	OUT	0xd5113ff5cf55de85a0b5...	500,000	USD Coin (USDC)
0xc7d84e0d17b9e34ab0...	9 days 17 hrs ago	0x83ca25fc236d7dd31e...	OUT	0x56b2dc24a68aad4fb6...	1,098,327.96	Tether USD (USDT)
0xd9cebf8243060feb930...	9 days 18 hrs ago	0x83ca25fc236d7dd31e...	OUT	0x56b2dc24a68aad4fb6...	5,049.999999999999999999	stETH (stETH)
0x0be78c6b0146b55dfe...	9 days 18 hrs ago	Three Arrows Capital	IN	0x83ca25fc236d7dd31e...	5,050	stETH (stETH)
0x46cf4c23a34ae0cee9d...	9 days 18 hrs ago	0x83ca25fc236d7dd31e...	OUT	0xdf4e2742ad821c21ca...	6,000,000	USD Coin (USDC)
0xb820f82a36be38d1f49...	10 days 30 mins ago	Three Arrows Capital	IN	0x83ca25fc236d7dd31e...	900,000	Tether USD (USDT)
0x934f5e35a022e1e73d...	10 days 53 mins ago	Three Arrows Capital	IN	0x83ca25fc236d7dd31e...	100,000	Tether USD (USDT)
0x5af2b37362ff62727f1...	10 days 54 mins ago	Three Arrows Capital	IN	0x83ca25fc236d7dd31e...	30,703,967.11	USD Coin (USDC)
0x18a1465303f8843541...	10 days 5 hrs ago	Three Arrows Capital	IN	0x83ca25fc236d7dd31e...	98,327.96	Tether USD (USDT)
0x24389e0ff9a53e5e459...	10 days 19 hrs ago	Three Arrows Capital	IN	0x83ca25fc236d7dd31e...	1,112.49818056	FTT (FTX To...)
0xc3fda6621ae46d9d91...	13 days 16 hrs ago	0x83ca25fc236d7dd31e...	OUT	0x56b2dc24a68aad4fb6...	1,941.350	USD Coin (USDC)
0xd01226bb6f4f510e64d...	13 days 16 hrs ago	0x83ca25fc236d7dd31e...	OUT	0x56b2dc24a68aad4fb6...	9,865	Synapse (SYN)

[Download CSV Export]

A wallet address is a publicly available address that allows its owner to receive funds from another party. To access the funds in an address, you must have its private key. Learn more about addresses in our Knowledge Base.

Panama City, 15 June 2022

Three Arrows Capital Ltd.

7 Temasek Blvd #21-04

Singapore 038987

DRB Panama Inc
Via España, Delta Bank Building,
6th Floor, Suite 604D
Panama City, Republic of Panama

office@deribit.com
www.deribit.com

By email: kyle.davies@threearrowscap.com

Subject: **your Deribit account(s)**

Dear Mr Davies,

Three Arrows Capital Limited ("you") maintains with us a trading account with user ID 37726 plus multiple subaccounts (together the "Account").

In connection with this Account, we have entered into a Non-Liquidating Account Agreement with Effective Date 30 March 2020 (the "Agreement") and a Loan Agreement dated 31 March 2020 (the "Loan Agreement").

On 10 June 2022, the Account started to lose value quickly. On 11 June 2022 at about 8am UTC, you defaulted on your obligation under clause 1.3 of the Loan Agreement to maintain a certain minimum balance in your Account, and you started to have Equity below the Maintenance Margin. According to your instructions per Telegram on 13 June 2022 at about 15:03 UTC, we started to reduce the positions in the Account. Unfortunately, after these instructions, you did not reply to our various messages, and we have not been able to get back in touch with you since.

The Account is now in the process of being fully liquidated in accordance with clause 2.5 of the Agreement and our terms of service. Should you wish to conduct (part of) the liquidation yourself, please get back in touch with us. Failing any new contact with you, we will continue with liquidation ourselves.

You are kindly reminded that pursuant clause 2.5 of the Agreement, you are liable to transfer the shortfall in the Account. We consider you currently in breach of this contractual obligation ('in gebreke zijn' according to applicable Dutch law) since the two Business Days term has expired.

Panama City, 14 June 2022

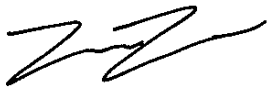
We hereby terminate the Loan Agreement in accordance with clause 2.2 of the Loan Agreement per 20 June 2022. We kindly remind you that you will have to repay the principal and accrued interest, which is 1300 BTC plus accrued interest and 15000 ETH plus accrued interest, by that date. As mentioned above, you are already in default of your obligation under the Loan Agreement ('in gebreke zijn' according to applicable Dutch law) to restore the balance in the Account to at least 1300 BTC and 15000 ETH.

The total Equity deficit consisting of the loan plus the trading loss (shortfall under the Agreement) equates to approximately USD 80 million at this moment, payable without delay.

We trust you will comply with your contractual obligations under our Agreement and Loan Agreement and we urgently invite you to get in touch with us to discuss this matter.

Should you choose not to comply with your obligations, we will pursue legal action to recover the amount due to us.

Sincerely,



Mr. J.A. Jansen, CEO

DRB Panama Inc.

Panama City, 15 June 2022

DRB Panama Inc
Via España, Delta Bank Building,
6th Floor, Suite 604D
Panama City, Republic of Panama

office@deribit.com
www.deribit.com

Three Arrows Capital Ltd.

ABM Chamers

2283 Road Town Tortola

British Virgin Islands

By email: kyle.davies@threearrowscap.com

Subject: **your Deribit account(s)**

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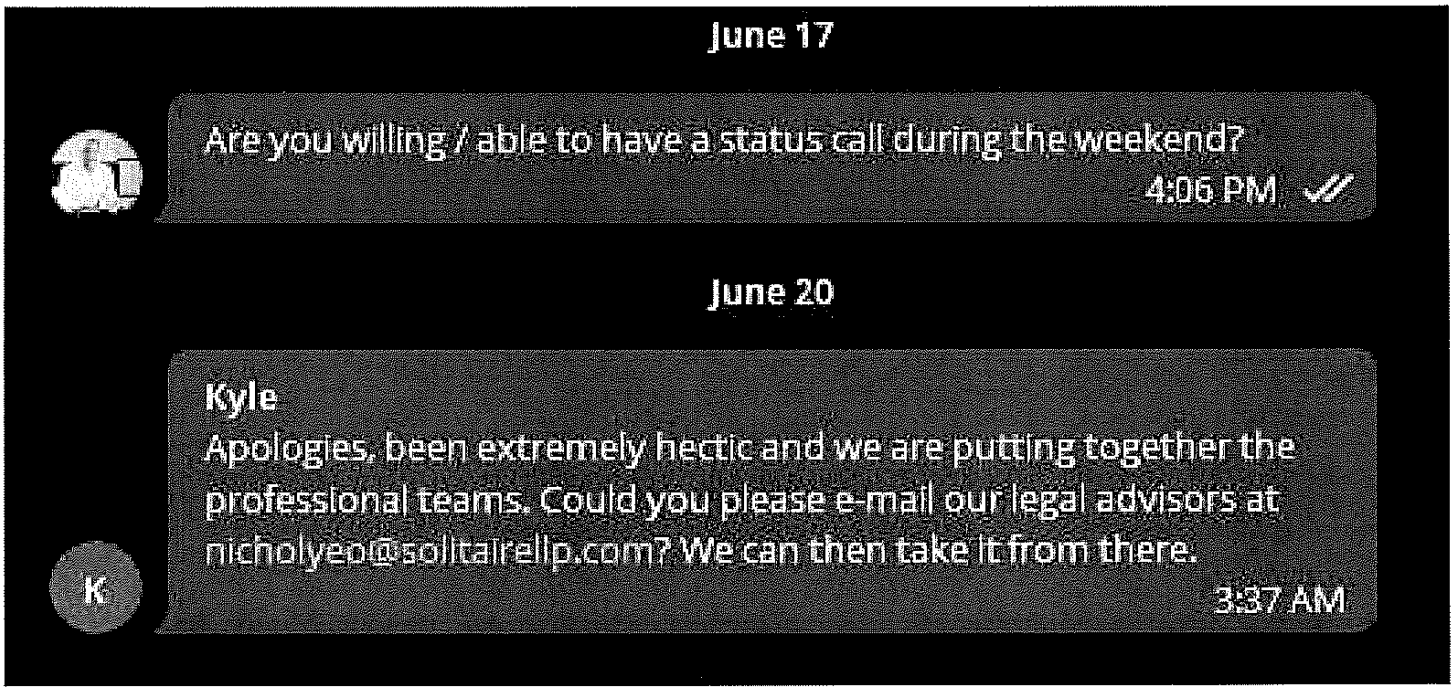
Sincerely,

Mr. J.A. Jansen, CEO

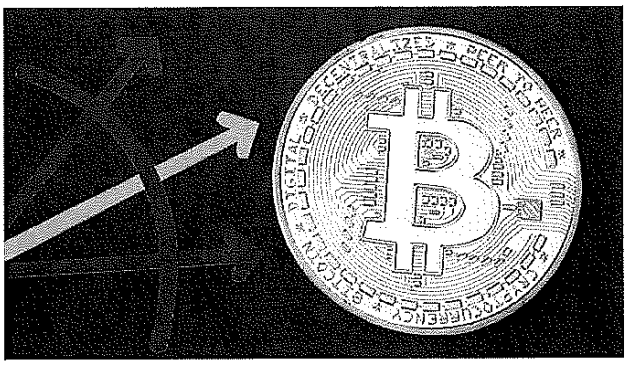
DRB Panama Inc.


June 17
Are you willing / able to have a status call during the weekend?
4:06 PM
June 20
Kyle
Apologies, been extremely hectic and we are putting together the professional teams. Could you please e-mail our legal advisors at nicholyeo@solitairellp.com? We can then take it from there.
3:37 AM
K

Cryptocurrencies

Crypto hedge fund Three Arrows fails to meet lender margin calls

BlockFi was among a clutch of firms that liquidated the Singapore-based group's positions



Kadhim Shubber and Joshua Oliver in London 8 HOURS AGO

Three Arrows Capital failed to meet demands from lenders to stump up extra funds after its digital currency bets turned sour, tipping the prominent crypto hedge fund into a crisis that comes as a credit crunch grips the industry.

The group's failure to meet margin calls this past weekend makes the group the latest victim of an acute fall in the prices of many tokens such as bitcoin and ether that is rippling across the market. Singapore-based Three Arrows is among the biggest and most active players in the crypto industry with investments across lending and trading platforms.

Lenders have sharply tightened up how much credit is on offer following tremors over the past month. Celsius, a major crypto financial services company, blocked withdrawals last week, while a pair of major tokens collapsed in May.

US-based crypto lender BlockFi was among the groups that liquidated at least some of Three Arrows's positions, meaning it reduced its exposure by taking collateral the fund had put down to back its borrowing, according to people familiar with the matter.

Three Arrows, which made a "strategic" investment in BlockFi in 2020 that it exited the following year, had borrowed bitcoin from the lender, the people said, but had been unable to meet a margin call. One of the people said the liquidation had occurred by mutual consent.

"We are in the process of communicating with relevant parties and fully committed to working this out," said Su Zhu, Three Arrows co-founder, on Twitter on Wednesday, without specifically identifying any counterparty. The company did not respond to a request for comment.

Yuri Mushkin, BlockFi's chief risk officer, said the group "can confirm that we exercised our best business judgment recently with a large client that failed to meet its obligations . . . We believe we were one of the first to take action with this counterparty."

He added that BlockFi had held collateral in excess of the size of the loan.

"BlockFi's prudent and proactive risk management is for the benefit of our broader client base and allows us to remain open for business during times of market stress," Mushkin said.

The troubles at Three Arrows ricocheted to Finblox, a platform that offers traders 90 per cent annualised yields to lend out their crypto. Finblox, which is backed by venture capitalist firm Sequoia Capital and received an investment from Three Arrows, reduced its withdrawal limits by two-thirds late on Thursday London time, citing the situation at the hedge fund.

Three Arrows, run by Zhu and his co-founder Kyle Davies, is known for its bullish levered bets on crypto. Zhu had espoused a "supercycle" view of crypto, in which increasing mainstream adoption meant prices would continue to rise without falling back into a near-term bear market.

Last month, he acknowledged the current sell-off had proved him wrong. "Supercycle price thesis was regrettably wrong, but crypto will still thrive and change the world every day," Zhu wrote on Twitter in late May.

"They were really big and really active. They went into some enormous positions," said David Siemer, chief executive of Wave Financial, a digital asset manager. He added that major crypto firms across the space likely had exposure to Three Arrows: "They worked with everybody."

Three Arrows was mainly, if not exclusively, managing Zhu's and Davies' own capital, according to industry sources. One person who has spoken with the managers in recent months said they were told the fund's total value was $4bn. Blockchain analytics firm Nansen has previously estimated the fund's assets at $10bn.

Another person, who works at a crypto trading firm, said they had been unable to reach Three Arrows in recent days. "They're not responding to anyone," they said.

Among Three Arrows's big bets was luna, the sister token to the algorithmic stablecoin terra. Both imploded in May, going to zero, a market- shattering event that turned what had been months of steady declines in crypto prices into a more dramatic rout.

The fund had holdings in a variety of crypto ventures whose tokens have performed badly in recent months, including Avalanche, Solana and the game Axie Infinity, all of which are down around 90 per cent since their November peaks.

Three Arrows was also the biggest investor in units of the Grayscale bitcoin trust, GBTC, according to FactSet data. GBTC currently trades at a 30 per cent discount to the price of bitcoin as the US Securities and Exchange Commission has thus far declined to approve it as an exchange traded fund that would be open to retail investors.

Until early 2021, GBTC had traded at a premium to the price of bitcoin. That offered an arbitrage opportunity for funds such as Three Arrows, which could borrow bitcoin, deposit it with Grayscale in return for GBTC units, which could then be sold at a profit on the open market. Grayscale does not allow redemptions of GBTC for the underlying bitcoin.

Three Arrows owned almost 39mn units of GBTC at the end of 2020 then worth $1.9bn, according to its last report to the SEC in January 2021. The same position today would be valued at just $550mn.

Michael Sonnenshein, chief executive of Grayscale, said he had no knowledge of Three Arrows's trades, but added: "There are players here that have employed too much leverage . . . a major correction in prices is sending shockwaves through the ecosystem".

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Crypto Hedge Fund Three Arrows Capital Considers Asset Sales, Bailout

Firm's founders say they still believe in the future of cryptocurrencies

Three Arrows took part in a $1 billion token sale this year by Luna Foundation Guard before Luna's value plummeted.

PHOTO: GABBY JONES/BLOOMBERG NEWS

By Serena Ng

June 17, 2022 8:45 am ET

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Cryptocurrency-focused hedge fund Three Arrows Capital Ltd. has hired legal and financial advisers to help work out a solution for its investors and lenders, after suffering heavy losses from a broad market selloff in digital assets, the firm's founders said on Friday.

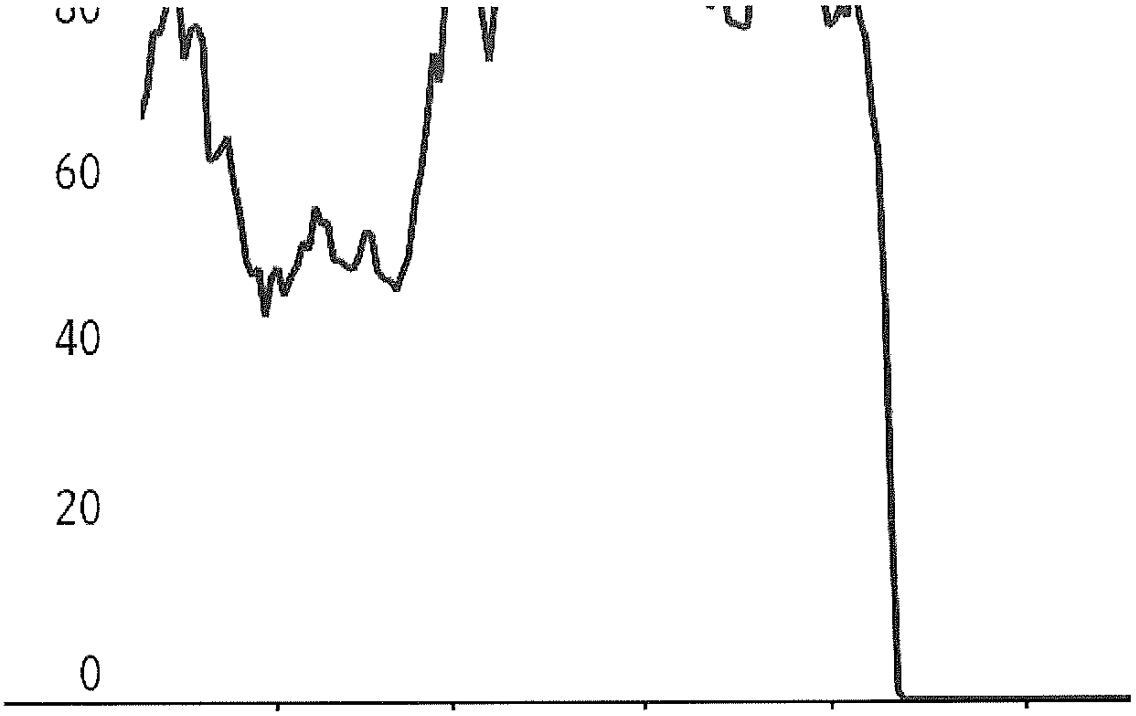
"We have always been believers in crypto and we still are," Kyle Davies, Three Arrows's co-founder, said in an interview. "We are committed to working things out and finding an equitable solution for all our constituents."

The nearly decade-old hedge fund, which was started by former schoolmates and Wall Street currency traders Su Zhu and Mr. Davies, had roughly $3 billion in assets under management in April this year.

That was shortly before a sudden collapse in the values of TerraUSD, a so-called algorithmic stablecoin, and its sister token, Luna, in mid-May.

Three Arrows is exploring options including asset sales and a rescue by another firm, Mr. Davies said. The fund is hoping to reach an agreement with creditors that would give it more time to work out a plan. The firm is still operating as it seeks a solution.

Price of Luna Classic*



As of June 17, 7:38 a.m. ET

Note: *The original cryptocurrency previously called Luna. A new Luna token was issued last month after the collapse of TerraUSD and Luna Classic

Source: CoinDesk

Three Arrows was among a group of large investors that took part in a $1 billion token sale earlier this year by Luna Foundation Guard, a nonprofit organization started by South Korean developer Do Kwon, the creator of TerraUSD. The funds went toward a bitcoin-denominated reserve for the stablecoin, and were meant to help maintain TerraUSD's value at $1 per coin.

Mr. Davies said Three Arrows invested about $200 million in Luna as part of that deal, a sum that was effectively wiped out when TerraUSD and Luna both became worthless in a matter of days.

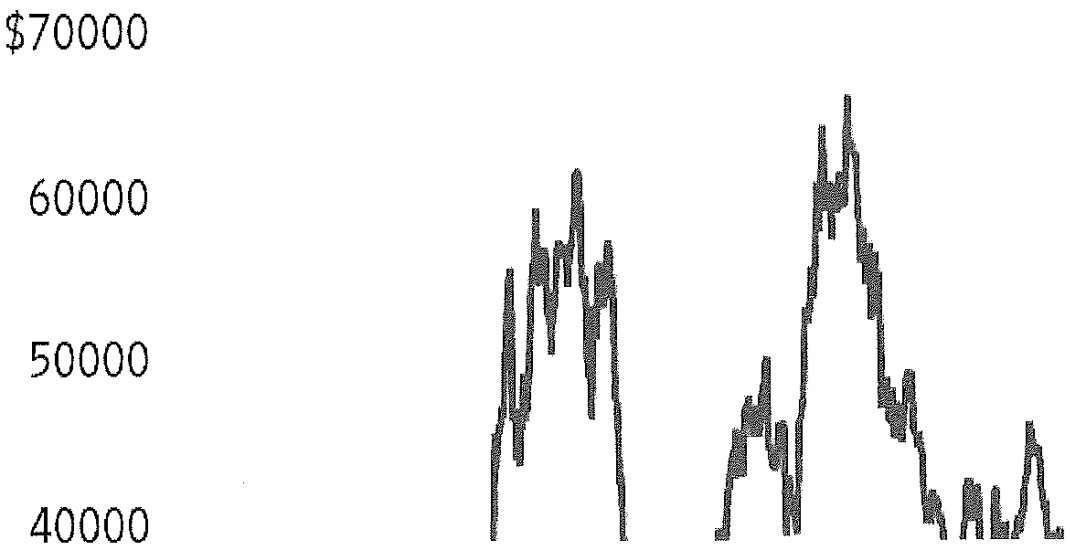
The two cryptocurrencies were previously among the 10 largest digital coins before they lost a total of $60 billion in market capitalization last month, he added. Before the collapse, a few people in the crypto industry had voiced concerns about TerraUSD's stability and its dependence on traders to act as its backstop, saying this mechanism could allow for a potential downward spiral.

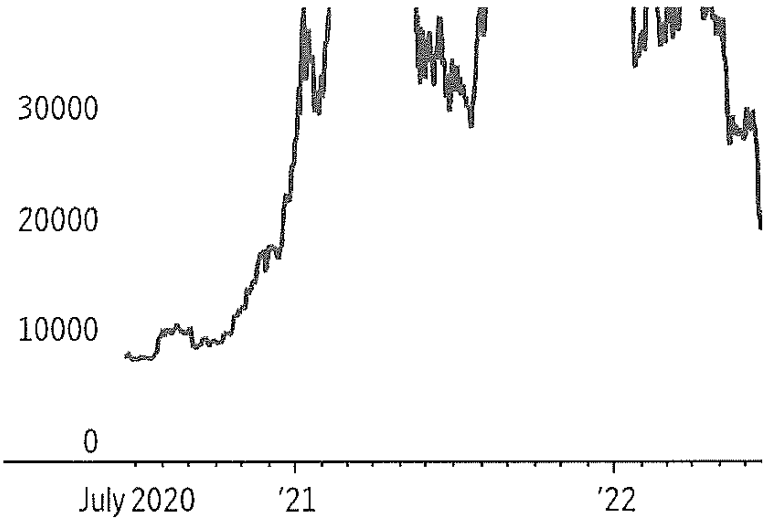
"The Terra-Luna situation caught us very much off guard," Mr. Davies said, adding that the massive selloff was unprecedented. The Luna Foundation's sale of bitcoin to help support TerraUSD also worsened declines in the value of bitcoin in May.

Mr. Davies said Three Arrows was able to withstand the Luna losses, but the subsequent cascade of events that caused prices of bitcoin, ether and other cryptocurrencies to plummet in recent weeks created more problems, he added.

Credit conditions have tightened markedly as digital asset values have fallen across the board, leading some lenders to demand partial or full repayment on loans they previously made to crypto investors. Rapidly rising U.S. interest rates—a result of the Federal Reserve's attempts to rein in high inflation—have also worsened a selloff in riskier assets.

How many dollars one bitcoin buys





Source: CoinDesk

Crypto's total market capitalization, which had topped out at nearly $3 trillion in November last year, had tumbled to $910 billion as of Friday, according to data provider CoinMarketCap. Last weekend, Celsius Network LLC, a widely used cryptocurrency lender, abruptly froze customer withdrawals, swaps and transfers between accounts, blaming what it said were extreme market conditions.

"We were not the first to get hit...This has been all part of the same contagion that has affected many other firms," Mr. Davies said.

He said Three Arrows is still trying to quantify its losses and value its illiquid assets, which include venture-capital investments in dozens of private cryptocurrency-related companies and startups.

"We are the biggest investors in the fund, and our intent was always for everyone to do well in it," said Mr. Zhu, Three Arrows's other founder.

Back in early 2021, Mr. Zhu had predicted that bitcoin would enter what is

known as a growth supercycle with continually rising prices as the cryptocurrency gained more mainstream adoption. In late May, as the market selloff was under way, he tweeted that the "Supercycle price thesis was regrettably wrong, but crypto will still thrive and change the world every day."

The sudden comedown of Three Arrows follows the firm's previously strong performance record. Messrs Zhu and Davies started their fund in late 2012 with just $1.2 million. It originally focused on trading emerging markets currencies before moving heavily into cryptocurrencies in recent years—multiplying the fund's investments as bitcoin and other digital assets increased in value.

The firm is known to have had large positions in the Grayscale bitcoin Trust and "Lido staked ether" tokens, both of which have also suffered losses recently. The latter is derivative of the cryptocurrency ether that is locked up until the Ethereum network transitions to a less energy-intensive model. These tokens have recently traded at a discount to ether itself.

Nichol Yeo, a partner of law firm Solitaire LLP who is advising Three Arrows, said all of the fund's investors are institutions or wealthy investors. He added that the firm is keeping Singapore's financial regulator, the Monetary Authority of Singapore, apprised of its recent developments.

Just before the latest downturn, Three Arrows said it was making plans to move its headquarters to Dubai, where the digital-asset industry is booming. The firm operated as a regulated fund manager in Singapore until last year, when it shifted its domicile to the British Virgin Islands as part of its relocation plan.

WSJ's Dion Rabouin explains why Wall Street is now betting big on crypto and what that means for the new asset class and its future. Photo composite: Elizabeth Smelov

—Caitlin Ostroff and Vicky Ge Huang contributed to this article.

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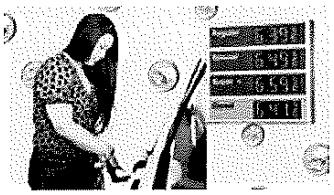

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A major crypto hedge fund is wobbling as $10 billion Three Arrows Capital sees a spate of liquidations

BY TAYLOR LOCKE
June 17, 2022 5:20 AM GMT+8

As the crypto winter intensified in early June, Galaxy Digital CEO Mike Novogratz said he thinks two-thirds of crypto hedge funds will go out of business. His prediction took days to start bearing out.

After $400 million in liquidations, a major hedge fund in the space, Singapore-based Three Arrows Capital, or 3AC, is reportedly facing insolvency, and many dominos look likely to fall next.

3AC's lenders continue to come forward as the fund, which managed $10 billion in assets in March, according to blockchain analytics firm Nansen, fails to meet margin calls and liquidates its cryptocurrency holdings, adding more downward pressure on the beleaguered market.

There were "some major shifts in [3AC's] positions" early in the week, Andrew Thurman, content lead and analyst at leading blockchain data firm Nansen, told *Fortune* on Tuesday. "I don't want to comment on what that might mean for their health, but it's clear that they're reshuffling major portions of their holdings."

As rumors began to swirl of possible insolvency, 3AC cofounder Su Zhu was initially silent, then seemed to acknowledge the turbulence on Tuesday, tweeting, "We are in the process of communicating with relevant parties and fully committed to working this out."

> We are in the process of communicating with relevant parties and fully committed to working this out
>
> — Zhu Su ðŸ"º (@zhusu) June 15, 2022

Cryptocurrency lender BlockFi is among the most recent to liquidate some of 3AC's positions, according to the Financial Times. BlockFi CEO Zac Prince confirmed its exit in a Thursday tweet: "BlockFi can confirm that we exercised our best

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business judgment recently with a large client that failed to meet its obligations on an overcollateralized margin loan. We fully accelerated the loan and fully liquidated or hedged all the associated collateral."

> BlockFi can confirm that we exercised our best business judgment recently with a large client that failed to meet its obligations on an overcollateralized margin loan. We fully accelerated the loan and fully liquidated or hedged all the associated collateral.
>
> — Zac Prince (@BlockFiZac) June 16, 2022

Since then, others with exposure to 3AC have come forward. Finblox, a platform offering users up to 90% yield to deposit their cryptocurrency, reduced its withdrawal limits by two-thirds and cited its relationship with 3AC.

> IMPORTANT UPDATE FROM FINBLOX! pic.twitter.com/VjclRMMiSe
>
> — Finblox (@finblox) June 16, 2022

On Twitter, Deribit, a cryptocurrency derivatives exchange, claimed on Thursday that 3AC is a shareholder of its parent company, adding that Deribit has "a small number of accounts that have a net debt to us that we consider as potentially distressed."

Deribit also tweeted, "Even in the event that none of this debt is repaid to us, we will remain financially healthy and operations will not be impacted. We can confirm all customer funds are safe and the full insurance fund will remain intact as is."

Danny Yuan, chief executive officer of cryptocurrency trading firm 8 Blocks Capital, also claimed to have been impacted by 3AC. "We trade in one of 3AC's trading accounts. This morning they took about [$1 million] out of our accounts. I hope you pay us back asap," he tweeted on Tuesday.

Since the Terra ecosystem collapsed, with failed algorithmic stablecoin TerraUSD (UST) and cryptocurrency Luna (LUNC) becoming nearly worthless, there has been a ripple effect throughout the space. One of the cryptocurrency market's biggest lending platforms, Celsius Network, paused its withdrawals on Monday, sparking rumors of bankruptcy. Reports concerning the state of 3AC followed soon after, pushing further fears of contagion and systemic risk.

3AC reportedly owned LUNC alongside other cryptocurrencies, and it was a hefty investor in the Grayscale Bitcoin Trust, or GBTC, the largest Bitcoin fund. According to a January 2021 SEC filing, 3AC owned almost 39 million units of GBTC at the end of 2020.

"A lot of people have reached out about what they know—many of whom have direct relationships with 3AC as well. What we learned is that they were leveraged long everywhere and were getting margin-called," Yuan wrote on Twitter. "Instead of answering the margin calls, they ghosted everyone. The platforms had no choice but to liquidate their positions, causing the markets to further dump."

3AC did not immediately respond to *Fortune*'s request for comment.

fund and one of Bitcoin's ...
March 22, 2022
BY TAYLOR LOCKE

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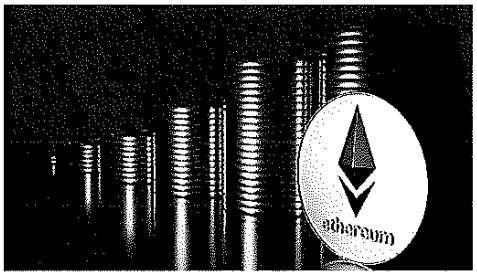
NEWS

Three arrows capital (3AC) liquidates its staked Ethereum holdings

By PAUL ADE — 17. June 2022

- **Three arrows capital (3AC) liquidates a wallet with staked Ethereum (stETH).**
- **Staked Ethereum trades below $1,000 as intense sell-offs continue.**



Crypto hedge fund, three arrows capital, is close to being insolvent. Recently, it started selling its Ethereum and stETH holdings to pay off its outstanding loans and debts. This action by the crypto hedge fund will likely affect the crypto market negatively. There will likely be billion-dollar worth of liquidation. Thus, leading to another crypto market crash.

Three arrows capital dumps more stETH

Earlier on Thursday, 3AC dumped 5,500 stETH from one of its wallet addresses. There was still 14,118 stETH left in the wallet following that transaction. However, the crypto hedge fund swapped the stETH balance in this wallet later in the day.

The first transaction was worth 6.1M USDT, while the second was worth 13.5M USDT. Etherscan data shows that the fund sold the stETH balance in two transactions. In the first transaction, 3AC dumped 7,000 stETH, while it dumped 7,118 stETH in the second transaction.

Yesterday's stETH dumps weren't the first by 3AC. The fund has been selling huge amounts of its stETH. Various analytics show that 3AC's stETH dump is now larger than the Celsius network.

Why 3AC is selling its crypto holdings

Over the last two months, 3AC has been selling off massive amounts of its stETH holdings from every account and seed round address. The crypto hedge fund has also been doing likewise to its Ethereum holdings. Also, multiple reports confirm that some 3AC-related firms are having operational issues.

Hence, it is likely that 3AC may sell off such companies soon. It is no wonder some firms, such as BlockFi, have started reducing their holdings in 3AC. The 3AC volatility has caused Finblox (one of the fund's CeFi firms) to pause reward distributions.

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Insolvency for 3AC could be a huge blow for the crypto industry. The fund manages more than $18b worth of digital assets. If the 3AC team can't find other means to solve its financial issues, it would likely dump its other crypto holdings.

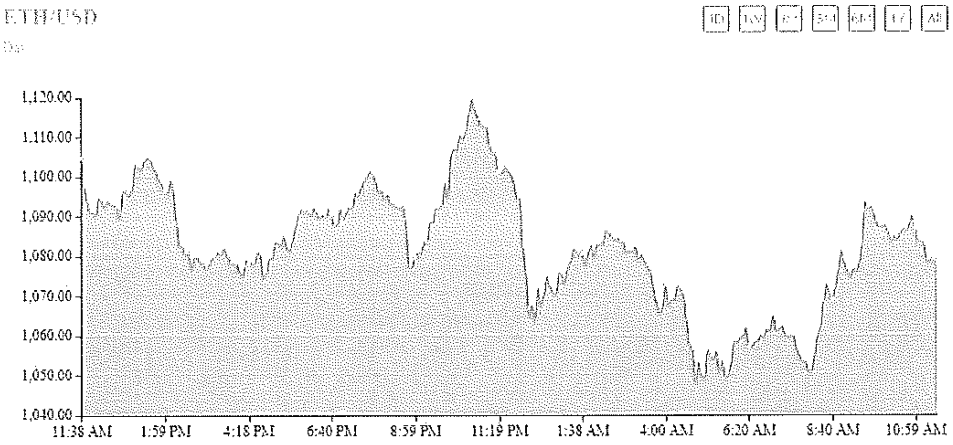
3AC has sizeable holdings of Bitcoin, Solana, Kusama, Avalanche, and Polkadot. Dune analytics data showed that 3AC's portfolio of about $372.27M has dropped to about $139.12M in the last 24 hours.

The data also showed that 3AC's USDC holdings are worth $166M, while its serum holdings are worth nearly $46M. 3AC had huge investments in the recently crashed terra network. Hence, it is facing huge capital loss following the crash of the LUNA and UST tokens.

The fund has yet to release any official statement regarding its insolvency issues. Instead, the fund's founder, Su Zhu, only said, "we are discussing with relevant stakeholders. We remain committed to getting the company out of this issue."

The price of Lido stETH drops again

With crypto companies swapping their stETH continuously, stETH's price dropped again on Friday morning. Our data shows that lido staked ETH is down 1.47 percent in the last 24 hours and trades at $1,035.29. Hence, the stETH-eth ratio also reduced within the same period. It is now 0.93.



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PAUL ADE

Paul is a cryptocurrency enthusiast from Canada, and since 2021 he has been writing about cryptocurrency for online news portals. He writes mostly news-related articles. Stay tuned to his posts to stay up to date with the crypto world.

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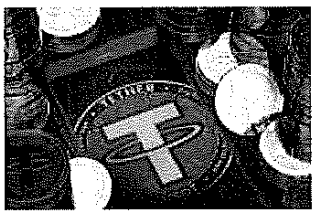

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Overview main account and subaccounts Three Arrows Capital Ltd.

Date: 20 June 2022
Email: kyle.davies@threearrowscap.com
User ID: 37726
Username: mobyDck
Account created 29.05.2018 03:49:21

	Equity in non-liq account	Index 20 June 2022 at 8am UTC	Equity in non-liq account in USD
BTC	-997.3101	$20,062.00	-$20,008,035.23
ETH	-15,911.1270	$1,078.15	-$17,154,581.58
			-$37,162,616.80

	Loan	Index 20 June 2022 at 8am UTC	Loan in USD
BTC	-1,300	$20,062.00	-$26,080,600.00
ETH	-15,000	$1,078.15	-$16,172,250.00
			-$42,252,850.00

	Interest from Loan 1 Apr - 20 Jun 2022 (2.5% p.a.)	Index 20 June 2022 at 8am UTC	Interest in USD
BTC	-7.2123	$20,062.00	-$144,693.74
ETH	-83.2192	$1,078.15	-$89,722.76
			-$234,416.50

	Penalty interest from Loan (0.15% per day)	Index 20 June 2022 at 8am UTC	Interest in USD
BTC	-14.3923	$20,076.00	-$288,939.81
ETH	-182.5083	$1,073.50	-$195,922.66
			-$484,862.47

Total: **-$80,134,745.77**

From: <mathijs@deribit.com>
Date: Wed, Jun 22, 2022 at 4:09 PM
Subject: RE: DRB Panama Inc - Three Arrows Capital Limited (BVI)
To: Nichol Yeo <nicholyeo@solitairellp.com>
Cc: <jos@deribit.com>, Sherwin Lee <sherwin@qsnholdings.com>, Darius Sit <darius@qcp.capital>, Bi Qi Qua <quabiqi@solitairellp.com>

Dear Nichol,

Noted with thanks.

Please find attached a letter we sent to Three Arrows Capital Limited (BVI) on its Singapore business address. Copy of this letter was also sent to the registered address in the BVI and per Telegram and e-mail on the known addresses used previously by Three Arrows Capital Ltd.

We remain available to discuss resolution of this matter.

Best regards,

Mathijs

+31622467281

Mathijs van Basten Batenburg
counsel
Email | Telegram | www.deribit.com | Twitter
DRB Panama Inc.
Panama City Republic of Panama

From: Nichol Yeo <nicholyeo@solitairellp.com>
Sent: 22 June 2022 15:18
To: mathijs@deribit.com
Cc: jos@deribit.com; 'Sherwin Lee' <sherwin@qsnholdings.com>; 'Darius Sit' <darius@qcp.capital>; 'Bi Qi Qua' <quabiqi@solitairellp.com>
Subject: RE: DRB Panama Inc - Three Arrows Capital Limited (BVI)

Dear Mathijs

At this juncture, my firm acts for Three Arrows Capital Limited (BVI) and Three Arrows Capital Pte Ltd (Singapore) only. I have no formal capacity with regard to the other Three Arrows entities, Kyle Davis or Su Zhu.

Regards

Nichol Yeo

SOLITAIRE LLP
ADVOCATES & SOLICITORS

11 Beach Road #05-02 Singapore 189675

E: nicholyeo@solitairellp.com | T: + 65 6789 1369 | M: +65 8366 8666 | W: https://www.solitairellp.com/

LinkedIn profile

From: mathijs@deribit.com <mathijs@deribit.com>
Sent: Wednesday, 22 June 2022 7:28 pm
To: nicholyeo@solitairellp.com
Cc: jos@deribit.com; 'Sherwin Lee' <sherwin@qsnholdings.com>; 'Darius Sit' <darius@qcp.capital>
Subject: RE: DRB Panama Inc - Three Arrows Capital Limited (BVI)
Importance: High

Dear Mr Yeo,

In addition to the message below, can you please confirm if you are authorized to act for 3AC QCP SPV B.V. (a Dutch company)?

Sincerely,

Mathijs van Basten Batenburg
counsel
Email | Telegram | www.deribit.com | Twitter
DRB Panama Inc.
Panama City Republic of Panama

DRB Panama Inc. is a company incorporated under the laws of Panama, registered at the Mercantile Registry under number 155684990, Panama City, Republic of Panama.

From: mathijs@deribit.com <mathijs@deribit.com>
Sent: 22 June 2022 13:21
To: nicholyeo@solitairellp.com
Cc: jos@deribit.com
Subject: RE: DRB Panama Inc - Three Arrows Capital Limited (BVI)
Importance: High

Polite reminder

Mathijs van Basten Batenburg
counsel
Email | Telegram | www.deribit.com | Twitter
DRB Panama Inc.
Panama City Republic of Panama

DRB Panama Inc. is a company incorporated under the laws of Panama, registered at the Mercantile Registry under number 155684990, Panama City, Republic of Panama.

From: mathijs@deribit.com <mathijs@deribit.com>
Sent: 21 June 2022 11:12
To: nicholyeo@solitairellp.com
Cc: jos@deribit.com
Subject: DRB Panama Inc - Three Arrows Capital Limited (BVI)

Dear Mr Yeo,

Mr Jos van Griensven (in cc) and myself are legal counsel of DRB Panama Inc. ("**DRB**").

DRB has been in touch with Mr Kyle Davies representing Three Arrows Capital Limited (BVI), one of DRB's clients. Mr Davies advised us to contact you regarding this matter.

Can you please confirm who you represent at this time (Three Arrows Capital Limited (BVI), Three Arrows Capital Pte Ltd (Singapore), Mr Kyle Davies *in persona* and/or Mr Su Zhu *in persona*)?

Should you wish to communicate with DRB, please feel free to get in touch with me and/or Mr Van Griensven at your convenience. We are both currently on Amsterdam time.

Sincerely,

Mathijs van Basten Batenburg
counsel
Email | Telegram | www.deribit.com | Twitter
DRB Panama Inc.
Panama City Republic of Panama

DRB Panama Inc. is a company incorporated under the laws of Panama, registered at the Mercantile Registry under number 155684990, Panama City, Republic of Panama.

Panama City, 15 June 2022

DRB Panama Inc
Via España, Delta Bank Building,
6th Floor, Suite 604D
Panama City, Republic of Panama

office@deribit.com
www.deribit.com

Three Arrows Capital Ltd.

7 Temasek Blvd #21-04

Singapore 038987

By email: kyle.davies@threearrowscap.com

Subject: **your Deribit account(s)**

Dear Mr Davies,

Three Arrows Capital Limited ("you") maintains with us a trading account with user ID 37726 plus multiple subaccounts (together the "Account").

In connection with this Account, we have entered into a Non-Liquidating Account Agreement with Effective Date 30 March 2020 (the "Agreement") and a Loan Agreement dated 31 March 2020 (the "Loan Agreement").

On 10 June 2022, the Account started to lose value quickly. On 11 June 2022 at about 8am UTC, you defaulted on your obligation under clause 1.3 of the Loan Agreement to maintain a certain minimum balance in your Account, and you started to have Equity below the Maintenance Margin. According to your instructions per Telegram on 13 June 2022 at about 15:03 UTC, we started to reduce the positions in the Account. Unfortunately, after these instructions, you did not reply to our various messages, and we have not been able to get back in touch with you since.

The Account is now in the process of being fully liquidated in accordance with clause 2.5 of the Agreement and our terms of service. Should you wish to conduct (part of) the liquidation yourself, please get back in touch with us. Failing any new contact with you, we will continue with liquidation ourselves.

You are kindly reminded that pursuant clause 2.5 of the Agreement, you are liable to transfer the shortfall in the Account. We consider you currently in breach of this contractual obligation ('in gebreke zijn' according to applicable Dutch law) since the two Business Days term has expired.

Panama City, 14 June 2022

We hereby terminate the Loan Agreement in accordance with clause 2.2 of the Loan Agreement per 20 June 2022. We kindly remind you that you will have to repay the principal and accrued interest, which is 1300 BTC plus accrued interest and 15000 ETH plus accrued interest, by that date. As mentioned above, you are already in default of your obligation under the Loan Agreement ('in gebreke zijn' according to applicable Dutch law) to restore the balance in the Account to at least 1300 BTC and 15000 ETH.

The total Equity deficit consisting of the loan plus the trading loss (shortfall under the Agreement) equates to approximately USD 80 million at this moment, payable without delay.

We trust you will comply with your contractual obligations under our Agreement and Loan Agreement and we urgently invite you to get in touch with us to discuss this matter.

Should you choose not to comply with your obligations, we will pursue legal action to recover the amount due to us.

Sincerely,

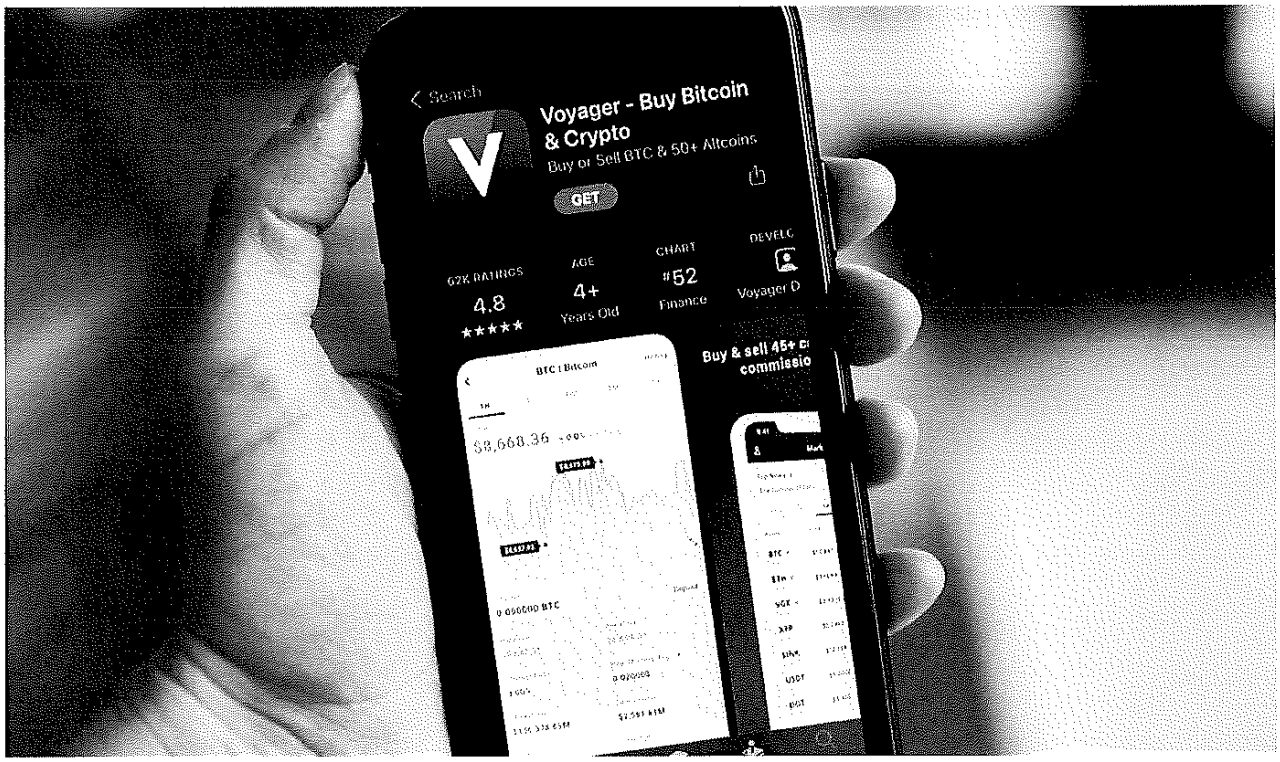
Mr. J.A. Jansen, CEO

DRB Panama Inc.

Technology

Crypto Fund Three Arrows' Troubles Spill Over to Exchange

- Voyager Digital plunges after disclosing $660 million exposure
- Contagion-risk implications cloud prospect of crypto sector



Photographer: Gabby Jones/Bloomberg

By Yueqi Yang
22 June 2022, 21:46 GMT+8 *Updated on 23 June 2022, 02:51 GMT+8*

The fallout from troubled crypto hedge fund Three Arrows Capital Ltd. has reached Voyager Digital Ltd., sending shares of the crypto exchange down 51% in Toronto trading with analysts raising the prospect of further damage.

Voyager said it may issue a notice of default to Three Arrows for failure to repay a loan, the exchange disclosed in a statement. The broker's exposure to Three Arrows includes 15,250 Bitcoin and $350 million of stablecoin USDC, worth roughly $660 million based on Bitcoin's price on Wednesday in New York.

New York-based Voyager, which offers crypto trading, staking -- a way of earning rewards for holding certain cryptocurrencies -- and yield products, is listed on the Toronto Stock Exchange and its shares are traded over-the-counter in the US. It had about $5.8 billion of assets on its platform as of quarter-end in March.

To meet customer liquidity needs, Voyager has secured credit lines -- $200 million in cash and USDC stablecoin plus 15,000 Bitcoin -- from the investment arm of Alameda Research LLC. The funding is contingent on Voyager's ability to secure additional sources of funding within 12 months, among other conditions.

Read more: Bankman-Fried Doles Out Credit Lines to Stem Crypto Contagion

Its Three Arrows exposure "raises survivability questions" for Voyager, analysts at Compass Point Research & Trading LLC wrote in a research report Wednesday. "We would not be surprised to see VOYG customers pulling assets from the platform," they said, referring to the company's ticker.

The pace of customer redemptions and Voyager's ability to recoup loans to Three Arrows will likely determine its ability to continue operations, they wrote.

Meanwhile, analysts at BTIG downgraded Voyager to neutral from a buy, and KBW Research removed its rating on Voyager, saying it was difficult to put a value on the shares given the uncertainty of collecting on its loan.

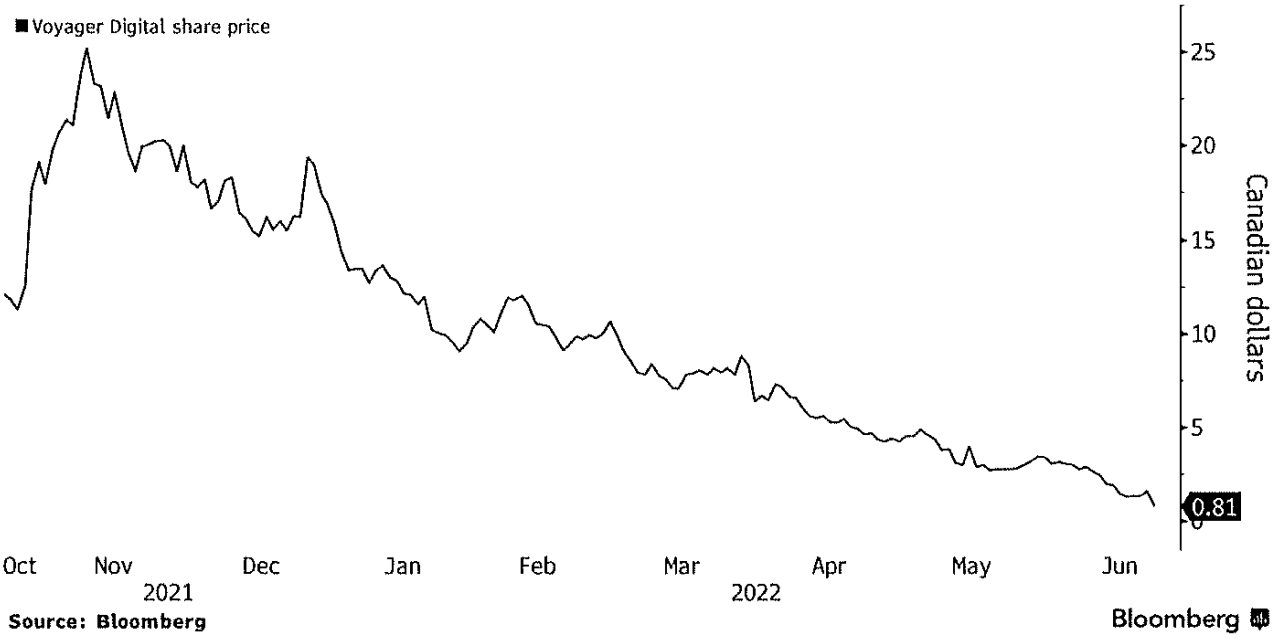
Voyager did not mention the amount of collateral, if any, held on its loan to Three Arrows and a spokesperson did not respond when asked by Bloomberg News. Three Arrows' law firm, Solitaire LLP, didn't respond to a request for comment.

A broad-based selloff in digital assets and the collapse of the TerraUSD and Luna tokens has left Three Arrows facing liquidity troubles. The fund's co-founders told the Wall Street Journal that it's considering options including asset sales and a bailout, and has hired legal and financial advisers after large losses. A wave of liquidations has triggered fear of contagion risks for the industry.

Other lenders, including Genesis and BlockFi Inc., have sought to quell fear amid concerns over contagion risks from Three Arrows. On Tuesday, BlockFi said it received a $250 million credit line from FTX Trading Ltd.

Voyager Plunges

Crypto brokerage falls after disclosing debt exposure to troubled fund



Voyager will seek to recover the debt from Three Arrows and is in discussions for legal remedies, according to the statement. It has made an initial request for a repayment of $25 million USDC by June 24, and then requested repayment of the entire balance of USDC and Bitcoin by June 27. Neither of these amounts has been repaid, and Voyager is currently unable to assess the amount it will be able to recover, the company said.

As of June 20, Voyager has about $152 million cash and owned-crypto assets on hand, as well as $20 million of cash that is solely for buying stablecoin USDC, the company said.

Alameda, a trading outfit from FTX founder Sam Bankman-Fried, is the largest holder in Voyager with a nearly 12% stake, according to data compiled by Bloomberg. Bitcoin dropped back below $21,000 on Wednesday after staging a short-lived rally in Tuesday trading.

(Updates with analyst comments, stock price and loan details.)

BVI Financial Services Commission, Registry of Corporate Affairs

Register of Companies Search Report

Date of Search : 23/06/2022
This search is accurate as at the Search Date above.

Company Name : Three Arrows Capital, Ltd

Company Number : 1710531

Company Type : BC New Incorporation **Date of Incorporation / Registration :** 03/05/2012

Current Status :

Status Description:	Active
Status Date:	03/05/2012
Current Registered Agent:	ABM CORPORATE SERVICES, LTD.
Current Registered Agent Address:	1st Floor, Columbus Centre P.O. Box 2283 Road Town Tortola VG1110 VIRGIN ISLANDS, BRITISH
Current Registered Agent Phone Number:	284 494 2933
Current Registered Agent Fax Number:	284 494 5172
Current Registered Office :	1st Floor, Columbus Centre P.O. Box 2283 Road Town Tortola VG1110 VIRGIN ISLANDS, BRITISH
Telephone:	
Agent Fax:	
Director Register Type :	Private

Share/Capital Information:

Maximum Number of Shares the company is authorized to issue:	50,000
Ability to Issue Bearer Shares:	No

Previous Names History

S.No	Previous Name	Foreign Character Name	Date Range or Cease Date From	To
1	Three Arrows Capital, Ltd		03/05/2012	

Transaction History

S.No	Date	Transaction Number	Description	Status	Eforms/Attachments
1	03/05/2012	T120245713	Application for Incorporation (BC)	Approved	Application for Incorporation (BC) Memorandum and Articles of the Company
2	03/05/2012	T120220741	Name Reservation (10 days)	Approved	Name Reservation (10 days)
3	22/06/2012	T120468885	Request for Certifications (BC)	Approved	Request for Certifications

4	22/06/2012 T120469289	Amendments of Memorandum and / Or Articles of Association	Approved	Amendments Of Memorandum And Or Articles Of Association The attachment restated memorandum/articles incorporates the amendment made
5	30/05/2013 T130410254	Annual Fee Submission (BC)	Approved	Annual Submission
6	10/10/2013 T130657658	Request for Certificate of Goodstanding	Approved	Request for Certificate of Good Standing
7	24/02/2014 T140084491	Request for Certificate of Goodstanding	Approved	Request for Certificate of Good Standing
8	15/05/2014 T140292862	Annual Fee Submission (BC)	Approved	Annual Submission
9	11/06/2014 T140448782	Application for Registration of Charge	Approved	Application For Registration Of Charge The attached particulars of the charge are an accurate description of it
10	29/01/2015 T150049114	Request for Certificate of Goodstanding	Approved	Request for Certificate of Good Standing
11	16/04/2015 T150203244	Annual Fee Submission (BC)	Approved	Annual Submission
12	09/11/2015 T150758528	Application for Registration of Charge	Approved	Application For Registration Of Charge The attached particulars of the charge are an accurate description of it
13	27/01/2016 T160045343	Amendments of Memorandum and / Or Articles of Association	Approved	Amendments Of Memorandum And Or Articles Of Association The attachment restated memorandum/articles incorporates the amendment made
14	31/05/2016 T160385823	Annual Fee Submission (BC)	Approved	Annual Submission
15	25/08/2016 T160586404	Request for Certifications (BC)	Approved	Request for Certifications
16	14/10/2016 T160869342	Register of Members or Directors	Approved	Register of Directors
17	05/05/2017 T170681021	Annual Fee Submission (BC)	Approved	Annual Submission
18	13/03/2018 T180164053	Application for Registration of Charge	Approved	Application For Registration Of Charge The attached particulars of the charge are an accurate description of it
19	28/05/2018 T180456015	Register of Directors - Registration of Changes	Approved	Register of Directors
20	30/05/2018 T180472039	Annual Fee Submission (BC)	Approved	Annual Submission
21	30/05/2018 T180471784	Request for Certificate of Goodstanding	Approved	Request for Certificate of Good Standing
22	11/04/2019 T190204568	Notice of Satisfaction or Release of Charge	Approved	Notice of Satisfaction or Release of Charge Details of Satisfaction or Release of Charge
23	26/04/2019 T190239941	Annual Fee Submission (BC)	Approved	Annual Submission
24	06/05/2019 T190268609	Register of Directors - Registration of Changes	Approved	Register of Directors
25	13/05/2019 T190295384	Request for Certificate of Goodstanding	Approved	Request for Certificate of Good Standing
26	30/07/2019 T190539578	Register of Directors - Registration of Changes	Approved	Register of Directors
27	17/03/2020 T200131295	Request for Certifications (BC)	Approved	Request for Certifications
28	26/03/2020 T200154364	Request for Certificate of Goodstanding	Approved	Request for Certificate of Good Standing
29	27/03/2020 T200155014	Register of Directors - Registration of Changes	Approved	Register of Directors
30	22/05/2020 T200317667	Annual Fee Submission (BC)	Approved	Annual Submission
31	15/06/2020 T200398898	Application for Registration of Charge	Approved	Application For Registration Of Charge The attached particulars of the charge are an accurate description of it
32	24/11/2020 T200765339	Request for Certificate of Goodstanding	Approved	Request for Certificate of Good Standing
33	23/03/2021 T210164887	Request for Certificate of Goodstanding	Approved	Request for Certificate of Good Standing

34	13/04/2021	T210203471	Request for Certificate of Goodstanding	Approved	Request for Certificate of Good Standing
35	14/04/2021	T210206096	Annual Fee Submission (BC)	Approved	Annual Submission
36	25/08/2021	T210601628	Register of Directors - Registration of Changes	Approved	Register of Directors
37	23/09/2021	T210656101	Amendments of Memorandum and / Or Articles of Association	Approved	Amendments Of Memorandum And Or Articles Of Association The attachment restated memorandum/articles incorporates the amendment made
38	08/03/2022	T220126356	Request for Certifications (BC)	Approved	Request for Certifications
39	05/04/2022	T220184000	Request for Certificate of Goodstanding	Approved	Request for Certificate of Good Standing
40	20/04/2022	T220210476	Annual Fee Submission (BC)	Approved	Annual Submission
41	09/06/2022	T220428227	Amendments of Memorandum and / Or Articles of Association	Approved	Amendments Of Memorandum And Or Articles Of Association The attachment restated memorandum/articles incorporates the amendment made
42	17/06/2022	T220441645	Application for Registration of Charge	Approved	Application For Registration Of Charge The attached particulars of the charge are an accurate description of it
43	21/06/2022	T220446638	Request for Certifications (BC)	Approved	Request for Certifications

Certificate History

S.No	Transaction No.	Type of Certificate	Date of Filing
1	T210164887	Certificate of Good Standing	23/03/2021
2	T220184000	Certificate of Good Standing	05/04/2022
3	T120245713	Certificate of Incorporation (Original)	03/05/2012
4	T120468885	Certificate of Incorporation (Certified)	22/06/2012
5	T130657658	Certificate of Good Standing	10/10/2013
6	T140084491	Certificate of Good Standing	24/02/2014
7	T140448782	Certificate of Registration of Charge	11/06/2014
8	T150049114	Certificate of Good Standing	29/01/2015
9	T150758528	Certificate of Registration of Charge	09/11/2015
10	T180164053	Certificate of Registration of Charge	13/03/2018
11	T180471784	Certificate of Good Standing	30/05/2018
12	T190204568	Certificate of Release of Charge	11/04/2019
13	T190295384	Certificate of Good Standing	13/05/2019
14	T200154364	Certificate of Good Standing	26/03/2020
15	T200398898	Certificate of Registration of Charge	15/06/2020
16	T200765339	Certificate of Good Standing	24/11/2020
17	T210203471	Certificate of Good Standing	13/04/2021
18	T220441645	Certificate of Registration of Charge	17/06/2022

DISCLAIMER:

Although care has been taken to ensure the accuracy, completeness and reliability of the information provided through the use of this service ("the Information"), neither the Registrar of Corporate Affairs ("the Registrar") nor the Financial Services Commission ("the Commission") assumes any responsibility for the accuracy, completeness and reliability of the Information. This report does not reflect any transactions that may be submitted and not yet registered, or other changes for which the Registrar has not received notice. The user of the Information agrees that the Information is subject to change without notice, and neither the Registrar nor the Commission is responsible for any discrepancies that may result if a transaction is approved for filing after the issuance of this report. Neither the Registrar nor the Commission assumes any responsibility for the consequences of use of the Information, nor for any infringement of third party intellectual property rights which may result from its use. In no event shall the Commission or the Registrar be liable for any direct, indirect, special or incidental damage resulting from, arising out of or in connection with the use of the Information.

← **Thread**

FatMan
@FatManTerra

🧵 Su Zhu is now back in Singapore working with a law firm specializing in white collar crime. He really doesn't want to go to prison, and creditors are after him. But how did he get to this point? Where did 3AC go wrong, and what should you do next?

10:13 pm · 23 Jun 2022 · Twitter Web App

880 Retweets **176** Quote Tweets **3,781** Likes

FatMan @FatManTerra · 13h
Replying to @FatManTerra
The Degen Trade

3AC had a massive margin long on BTC with a liquidation price of around $24k. They kept this a secret, even from their partners, because they didn't think it would realistically go that low. Terra, LFG, and market conditions sent bitcoin plunging... (1/14)

14 102 639

FatMan @FatManTerra · 13h
The Margin Calls

Counterparties tried contacting 3AC to ask for collateral, but they ghosted everyone. They were forced to liquidate 3AC's positions, causing BTC to drop further from $24k to $20k. This move kicked off a spiral of cascades & bank runs for several parties. (2/14)

3 26 443

FatMan · 13h

The Painful Losses

After the first default (Hidden Road), losses were exacerbated. Genesis allegedly faces high-nine-figure losses and will sue. BlockFi and BitMEX had some exposure, but not much. Other minorly affected parties include Cumberland, Galaxy, and Deribit. (3/14)

9 26 358

FatMan @FatManTerra · 13h

"I Can Fix Her..."

During the collapse, in a desperate bid for liquidity, 3AC solicited BTC from whales and trading firms. They lied about the fund's AUM, didn't disclose the degen long, and promised an estimated 20% yield on whatever they got. Most funds smelt a rat. (4/14)

2 21 386

FatMan @FatManTerra · 13h

The Collateral Damage

Smaller market makers allegedly used 3AC's trading accounts as a prime broker to get fee discounts. Some of these entities, like 8 Blocks Capital, have accused 3AC of stealing their funds without permission - amounts as low as $1m. (5/14)

1 14 311

FatMan @FatManTerra · 13h

The Degen Loan

In one of the most degen loans of all time, Voyager lent around $700m to 3AC - undercollateralized. They used interest payments to provide retail-facing yield through their platform and skimmed a cut for themselves. Upon this revelation, VOYG fell over 50%. (6/14)

9 62 448

FatMan @FatManTerra · 13h

The Damage Report

Most of 3AC's remaining assets are in the form of illiquid equity investments like Deribit and Starkware (their L1 tokens have crashed heavily), so this is just an estimate. Assets: $400m. Debts: $2b. Net worth: minus $1.6b. Absolute insanity. (7/14)

5 64 534

FatMan @FatManTerra · 13h

Their Next Move

There will be lawsuits. There will be liquidations. Creditors will come for everything they possibly can. There's a fair chance 3AC did something illegal, especially in their final days. They will try to stay out of prison and resolve everything cleanly. (8/14)

4 24 362

FatMan @FatManTerra · 13h

Most creditors will never be paid because there simply isn't enough money to go around. Around $1.6b is gone - money that went to BTC miners who dumped their positions and large funds with open shorts (perhaps even a fund who is extending bailouts right now). (9/14)

2 20 372

FatMan @FatManTerra · 13h

In the face of this knowledge, what should you do? There is one crucial, actionable piece of advice. Pull all of your money out of centralized yield services like BlockFi, Voyager, and Nexo for the time being. It is not worth the risk. Withdraw it all into your Ledger. (10/14)

21 160 754

FatMan @FatManTerra · 13h

Bailout loans help with cashflow, but they don't get the money back. Additionally, these services will have to introduce heavy interest rate cuts due to market conditions and lower availability of lending counterparties, making the reward far less worth it. (11/14)

2 13 278

FatMan @FatManTerra · 13h

This sort of contagion can ripple out for weeks and we still don't know who was affected and to what extent. The best part is, when the dust settles, you can always redeposit into your favourite platform without issue. Wait a month or two and see how everything plays out. (12/14)

10 17 345

FatMan @FatManTerra · 13h

There is no reason to have money in these services right now, because their long-term viability is uncertain and you are gambling on solvency. You will potentially give up 0.5% in yield (or less, once they reduce rates), but you lower your risk massively. (13/14)

9 14 364

FatMan @FatManTerra · 13h

So - and I can't stress this enough - bring all of your coins into self-custody until yields stabilize and the situation is clear. This is a wise risk-adjusted decision given the scenario, and you can always come back later. Stay safe & stay vigilant! (14/14)

38 64 766

The Insolvency Act 2003
The Insolvency Rules 2005

Form 482(1) A

Consent to Act

Section 482(1)(b)
Rule 325

Company Number
1710531

Name of Company

(a) *Insert full name of company*

THREE ARROWS CAPITAL LTD

I,

(b) *Insert full name, address and insolvency practitioner license*

(b) Russell Crumpler
3rd Floor
Banco Popular Building,
Road Town Tortola, VG-1110,
British Virgin Islands
Insolvency Practitioner License No. INSOL/PL-F/11/036

Hereby certify that I am authorised under the provisions of Part XX of The Insolvency Act 2003 to act as an insolvency practitioner.

I further certify that I am not disqualified from holding a licence under section 477 of the Insolvency Act 2003 and that I am not, and have not been at any time in the previous three years or at any time at all, an auditor of the Company or employee of such auditor or a director of the Company or a person connected to the Company within the meaning of section 5(1) of the Insolvency Act 2003 or at all and that I have in force such security for the proper performance of my functions as is specified under section 486(1)(c) of the Insolvency Act 2003 and the Insolvency Practitioners Regulations.

I also confirm that I have had no prior professional relationship with the Company.

(c) *Insert whether consent to act as administrator, administrative receiver, liquidator or provisional liquidator (and whether of a company or of a foreign company), interim supervisor or supervisor.*

I consent to act as (c) Provisional Liquidator and Liquidator of the Company if so appointed by the (d) Court at a hearing yet to be scheduled or any adjournment thereof

(d) *Delete or complete alternative details as appropriate*

(e) *Insert date*

(f) *Insert period (not to exceed 6 weeks)*

The period for time for which this consent is valid is (f) six weeks from the date that this document is signed.

Signed _____ Date 24 June 2022

Please print name: Russell Crumpler

106-6043312-1

The Insolvency Act 2003
The Insolvency Rules 2005

Form 482(1) A

Consent to Act

Section 482(1)(b)
Rule 325

Company Number
1710531

Name of Company

(a) *Insert full name of company*

THREE ARROWS CAPITAL LTD

I,

(b) *Insert full name, address and insolvency practitioner license*

(b) Christopher Farmer
3rd Floor
Banco Popular Building,
Road Town Tortola, VG-1110,
British Virgin Islands
Insolvency Practitioner License No. INSOL/PL-F/17/062

Hereby certify that I am authorised under the provisions of Part XX of The Insolvency Act 2003 to act as an insolvency practitioner.

I further certify that I am not disqualified from holding a licence under section 477 of the Insolvency Act 2003 and that I am not, and have not been at any time in the previous three years or at any time at all, an auditor of the Company or employee of such auditor or a director of the Company or a person connected to the Company within the meaning of section 5(1) of the Insolvency Act 2003 or at all and that I have in force such security for the proper performance of my functions as is specified under section 486(1)(c) of the Insolvency Act 2003 and the Insolvency Practitioners Regulations.

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(c) *Insert whether consent to act as administrator, administrative receiver, liquidator or provisional liquidator (and whether of a company or of a foreign company), interim supervisor or supervisor.*

I consent to act as (c) Provisional Liquidator and Liquidator of the Company if so appointed by the (d) Court at a hearing yet to be scheduled or any adjournment thereof

(d) *Delete or complete alternative details as appropriate*

(e) *Insert date*

(f) *Insert period (not to exceed 6 weeks)*

The period for time for which this consent is valid is (f) six weeks from the date that this document is signed.

Signed _____ Date 24 June 2022

Please ~~print~~ name: Christopher Farmer

106-6043322-1

IN THE EASTERN CARIBBEAN SUPREME COURT
IN THE HIGH COURT OF JUSTICE
VIRGIN ISLANDS
COMMERCIAL DIVISION
CLAIM NO. BVIHC (COM) 2022/

IN THE MATTER OF THE INSOLVENCY ACT, 2003 AND IN THE MATTER OF THREE ARROWS CAPITAL LTD

DRB PANAMA INC.

Applicant

-v-

THREE ARROWS CAPITAL LTD

Respondent

EXHIBIT JVG-1

Ritter House
Wickham's Cay II
Road Town, Tortola
British Virgin Islands
VG1110
Tel.: +1 284 852 7300
Ref.: JVD/MRN/503164.00001

Legal Practitioners for the Applicant

133

THIS IS THE EXHIBIT MARKED "**RC-2**"

REFERRED TO IN

THE 1ST AFFIDAVIT

OF **RUSSELL CRUMPLER**

AFFIRMED BEFORE ME

IN THE BRITISH VIRGIN ISLANDS

ON

THIS 8th DAY OF July 2022

BEFORE ME

A NOTARY PUBLIC

LORRAINE A. Y. LA ROSE
Notary Public
The Virgin Islands *(UK)*
My commission expires: 31st January 20 23

VIGILATE NOTARIES
PO Box 2097, Road Town
Tortola, British Virgin Islands
Tel: (284) 345 5800 | www.vigilatenotaries.com

THE EASTERN CARIBBEAN SUPREME COURT
VIRGIN ISLANDS
IN THE HIGH COURT OF JUSTICE
COMMERCIAL DIVISION

CLAIM NO. BVIHC (COM) 0117 of 2022

IN THE MATTER OF THE INSOLVENCY ACT 2003

AND IN THE MATTER OF THREE ARROWS CAPITAL LTD

BETWEEN

DRB PANAMA INC.

Applicant

and

THREE ARROWS CAPITAL LTD

Respondent

FIRST AFFIDAVIT OF CHARLES MCGARRAUGH

I, Charles McGarraugh, of Blockchain Access UK LTD ("Blockchain.com") do solemnly, truly and sincerely **SWEAR, MAKE OATH** and **SAY** as follows.

1. I am the Chief Strategy Officer and an employee of Blockchain.com's affiliated entity, Blockchain (GB) Limited. I am duly authorised to make this Affidavit on its behalf.

2. I make this Affidavit in support of DRB Panama Inc.'s ("Applicant's") Notice of Application dated 24 June 2022 for the appointment of provisional liquidators to Three Arrows Capital LTD ("3AC" or the "Company") on an urgent basis.

3. Save where otherwise expressly appears, the facts and matters deposed to in this Affidavit are within my own knowledge and are true. Where facts and matters are not within my own knowledge, I will endeavour to state the source of the information, and the facts and matters are true to the best of my information and belief.

4. There is now produced and shown to me and marked Exhibit "CM1," a bundle containing true copies of documents referred to in this Affidavit. A reference to a page number in this Affidavit is a reference to the corresponding page number of "CM1" unless otherwise stated or the context otherwise requires.

A. Background

5. Blockchain.com is a financial services company focused on "cryptocurrency" products (also known as "crypto"). It was an early pioneer of key infrastructure for the Bitcoin community.[1] Since 2011, Blockchain.com has provided services to a wide range of parties, engaged in numerous projects, established protocols in widespread use, and dealt with institutions in the crypto and related fields. It now has a large team of staff worldwide. It also has the backing of investors from Silicon Valley and Wall Street.

6. In 2019 (and thereafter), 3AC held itself out as, and were well known in the crypto industry as, a leading proprietary trading fund with limited directional bias and a strong balance sheet. I had no reason to disbelieve this. As a result, I was supportive of the entry into of a Master Loan Agreement ("MLA"), on 13 June 2019, between Blockchain.com and 3AC through which 3AC could borrow funds from Blockchain.com in U.S. dollars ("USD") and otherwise, which it could use to make trades in crypto and conduct business in accordance with the investment strategy of the fund. Blockchain.com is a creditor of 3AC. Prior to the events the subject of this

[1] Bitcoin is a type of crypto.

Affidavit, Blockchain.com and 3AC had been counterparties for nearly four years, with 3AC borrowing and repaying over USD $2 billion worth of cryptocurrencies and fiat currency during that time. A copy of the MLA appears on pages [1 to 23.

7. The MLA provided 3AC with an option to request loans from Blockchain.com pursuant to its terms. As can be seen from the recital on page 1, the MLA enabled 3AC "from time to time, [to] seek to initiate a transaction pursuant to which [Blockchain.com] [would] lend U.S. Dollars or Digital Currency to [3AC], and [3AC] w[ould] return such U.S. Dollars or Digital Currency to Lender upon the termination of the Loan[.]" Beginning in June 2019 and p ursuant to the MLA, Blockchain.com provided 3AC with loans which were repaid and renewed, until 3AC defaulted on its obligations in June 2022.

8. Section II(b) of the MLA sets out the procedure for initiating the loans. Specifically, in cases where Blockchain.com agrees to provide loans to 3AC under the MLA, the "specific and final terms of such a loan shall be memorialized using [a] Loan Term Sheet." Section II(b) of the MLA appears on pages 3 to 4. The latest Loan Term Sheets between Blockchain.com and 3AC can be made available to the court upon request.

9. 3AC's debt to Blockchain.com consists primarily of "Open Loans," which are defined under the MLA as loans which do not have a "Maturity Date." The definition appears on page 3. Open Loans are subject to a demand process exercised by means of a "Call Option." Blockchain.com has the right to "call" the loan fully for repayment at any time, and, once notified by email, 3AC has two business days to pay. Failure to pay is an event of default under the MLA entitling Blockchain to accelerate repayment of all its loans by service of a default notice. The MLA contained an arbitration clause but, as I explain below, the Company has never suggested any dispute in respect of its indebtedness.

10. 3AC is required under the relevant loan documents to keep Blockchain.com informed of its "Leverage," defined as total debt divided by equity. Relevantly, 3AC must notify Blockchain.com should its leverage ever exceed 1.5x, *i.e.*, where the amount of its total debt exceeds the amount of its equity by more than 1.5 times. 3AC must likewise notify Blockchain.com if it ever experiences trading losses equal to or exceeding 4.0%

of its equity. I believe that 3AC has violated these covenants. To ensure that 3AC complied with these covenants, it was required, under the Loan Term Sheets, to provide monthly net asset value ("NAV") reports, which contain information on 3AC's aggregate equity capital—in an effort, *inter alia*, to ensure that Blockchain.com could assess 3AC's solvency on an ongoing basis. The most recent NAV statement, dated 13 May 2022, appears on page 24. Blockchain.com has not been supplied with any more NAV statements from 3AC.

11. Matters appear to have gone wrong in April or May 2022, when 3AC was reported to have spent between USD $200 to $600 million to purchase "Luna," a type of crypto, for one of its key funds, as later reported by FXStreet (a foreign exchange news source) and Times Tabloid (a crypto news outlet).[2] Copies of the articles by FXStreet and Times Tabloid appear on pages 25 to 36.

12. On 11 May 2022, another Blockchain.com representative (Scott Odell) learned more about 3AC's Luna exposure. One of 3AC's employees, Edward Zhao, represented that its exposure was "not that big as part of the portfolio holdings," and that, regardless, its exposure to Luna "shouldn't impact" its NAV "too much." A copy of a redacted text thread where this was conveyed to Blockchain.com appears on page 37. On 12 May 2022, the very next day, Luna lost 99% of its value from its high in the previous month. The dramatic fall in the value of Luna was well-publicized in the crypto industry, as can be seen from a 12 May 2022 BBC article, which appears on pages 38 to 41.

13. Later, on 12 May 2022, Mr. Odell contacted Kyle Davies, founder and director of 3AC. I understand that Mr. Odell expressed concern about 3AC's position in Luna, and asked for a supplemental NAV statement, to ensure that 3AC's leverage was consistent with its obligations under the MLA. Mr. Davies said he would send a NAV statement the following day suggesting that it would reassure Blockchain.com. When asked if 3AC's leverage was still "meaningfully below 1x" [*i.e.*, within the MLA's requirements], Davies responded "Yes[.]" A copy of this conversation appears on page 42. Also on 12 May 2022, 3AC repaid part of its USD loan. . On 13 May

[2] Although these reports say 3AC purchased its Luna holdings for almost USD $600 million, it is my understanding, based on conversations with other Blockchain.com representatives, that 3AC had represented that the Luna purchase was closer to USD $20 0 million.

2022, Mr. Davies provided a NAV statement confirming a NAV of USD $2,387,000,000. A copy of this NAV statement provided by Mr. Davies appears on page 24. For the reasons set out below, I am now doubtful that this NAV statement was accurate.

14. Shortly afterwards, 3AC made a request to Blockchain.com to continue the Blockchain.com Open Loans and refrain from calling them or demanding repayment. In a telephone call on 18 May 2022, Mr. Davies told Mr. Odell that 3AC would boycott Blockchain.com's business if Blockchain.com recalled any loans. Nevertheless, on 20 May 2022, 3AC made another partial repayment of their USD loan. Following this, on 21 May 2022, I had a conversation with Mr. Davies. He told me that 3AC's NAV was roughly USD $2.3 billion; net delta (*i.e*., directional) exposure to the market was roughly 0.65x NAV, or USD $1.5 billion; and the debt-to-equity ratio was less than 1, meaning less than USD $2.3 billion in aggregate indebtedness. I assumed that meant around USD $2 billion in borrowings. He told me they had lost around USD $200 million on Luna, but that was already accounted for in the USD $2.3 billion NAV. Mr. Davies also said that if the market declined further he expected to buy more exposure, but that in no case would the aggregate directional exposure exceed 1x their NAV. In other words, it would take a decline in crypto asset prices fully to zero, on a standalone basis, to completely wipe out the equity capital of 3AC. He also said they were bullish on the market and expected the market to rally after the June 10 2022 Consumer Price Index data release showed that peak inflation had already happened. I agreed that I thought peak inflation was likely, but suggested if they were having a problem, they should cut some exposure and be smaller. Bitcoin was trading around USD $30,000 at the time of this call.

15. Relying on Mr. Davies' representations on this call, I calculated that 3AC had only (1) USD $1.5 billion of directional exposure and (2) USD $2 billion borrowed, so that even in a highly adverse scenario, if the markets dropped 33% and all of their borrowing-based trades went against them by 20%, they would still only experience roughly USD $900 million in losses. Against a NAV of USD $2.3 billion, even if some of their NAV was illiquid, they should have had no trouble closing out and paying Blockchain.com and their other creditors on demand (since all our loans could be called on demand).

16. In light of my calculations, 3AC's historical track record of repaying Open Loans when called, and the fact that they had started paying down their USD loan, Blockchain.com decided not to demand immediate repayment of all of the Open Loans. On 3 June 2022, relying on the assurances and NAV statements provided by 3AC, Blockchain.com repriced (*i.e.*, raised the interest rate on) several already outstanding loans to 3AC. Given the higher volatility in the market at that time, and therefore the higher risk, Blockchain.com requested a higher percentage interest rate in exchange for not calling the loans due, to which 3AC agreed. These loans had originally been made several months beforehand. Notwithstanding the partial repayments of the USD loan, as of the date of this Affidavit, and due to the various accelerated defaults set forth herein, the unpaid amounts owed to Blockchain.com are substantial, and significantly more than the amounts due to the Applicant per its material filed in this Honourable Court.

3AC Defaults on Loans

17. By mid-June 2022, it was reported in crypto news sources like The Block and Crypto Briefing that 3AC began missing margin calls with some of its derivative counterparties and lenders, *i.e.*, demands to post additional collateral against open positions. This appeared inconsistent with 3AC's representations to Blockchain.com about its solvency and its NAV of USD $2,387,000,000. Copies of these articles appear on pages 43 to 56.

18. Accordingly, at 9:52 a.m. New York Eastern Standard Time ("EST") on 14 June 2022, Blockchain.com sent by email to 3AC and to Messrs. Zhu and Davies a notice of demand, pursuant to Section II(c)(ii) of the MLA, demanding repayment of the entirety of the "Loan Balance for all Loans" under the MLA (the "Demand Notice"). The "Loan Balance" for a loan includes all principal and fees payable with respect to that loan. Section II(c)(ii) requires repayment within two (2) business days of demand and accordingly 3AC was required to repay by 5:00 p.m. EST on 16 June 2022. A copy of the Demand Notice appears on page 57.

19. 3AC did not respond to Blockchain.com's Demand Notice and did not repay the Loan Balances for all Open Loans. Because repayment was due by 5:00 p.m. EST on 16 June 2022, and 3AC failed to make any payment, an Event of Default was in effect

as of 5:01 p.m. EST on 16 June 2022 with respect to the principal amount of the Loans (as per MLA § VIII(a)).

20. The failure to pay the Loan Balances also constitutes an Event of Default based on the "*failure of Borrower to pay any and all Loan Fees, Late Fees, or Early Termination Fees when due*" (as per MLA § VIII(b)).

21. Accordingly, at 6:11 p.m. EST on 16 June 2022, Blockchain.com sent a notice of Event of Default to 3AC and to Mr. Davies (the "Default Notice"). The Default Notice stated that 3AC had failed to repay all Loan Balances, and, accordingly, an Event of Default had occurred pursuant to Section VIII of the MLA. A copy of the Default Notice appears on page 58. 3AC once again did not respond.

22. For completeness, several further Events of Default have occurred under the MLA.

    (a) On or about 17 June 2022, I understand Blockchain.com's counsel Nima H. Mohebbi contacted Nichol Yeo, an attorney based in Singapore who was identified as lead counsel for 3AC. Mr. Yeo indicated in substance that 3AC had no ability to pay the outstanding Open Loan balances to Blockchain.com, or other fees that are owed under the MLA. Its inability to do so is another Event of Default under Section VIII(i) of the MLA. *See* Affidavit of Nima H. Mohebbi Filed in Support of the Application to Appoint Provisional Liquidators ("Mohebbi Aff.") ¶¶ 6(a)-(d). After this call, Mr. Yeo and his clients refused to discuss these issues with Blockchain.com. In particular, Mr. Yeo declined several follow-up phone calls, and his clients never reached out to Blockchain.com.

    (b) In addition, 3AC's failure to pay constitutes "*a material default in the performance of any of the other agreements, conditions, covenants, provisions or stipulations contained in this Agreement, including without limitation a failure by [3AC] to abide by its obligations in Section III or IV of [the MLA]*" (as per MLA § VIII(d)).

23. During the continuance of an Event of Default, Blockchain.com can exercise the remedies set out in Section IX appearing on page 13- to 14.

24. On 24 June 2022, at 5:27 p.m. EST, Blockchain.com sent a notice of Exercise of Certain Remedies to 3AC and Mr. Davies (the "Remedies Notice"). The Remedies Notice stated that, pursuant to Section IX of the MLA, Blockchain.com had declared the entire Loan Balance outstanding for all loans immediately due and payable, and that the MLA, the other loan documents, and all loans were terminated. A copy of the Remedies Notice appears on page 59. 3AC once again did not respond.

B. 3AC Is Insolvent And Should Be Wound Up

25. As noted above, as of the date of this Affidavit, 3AC has failed to make payment of its entire loan balance or any part thereof and has made clear, through its lawyer, that it has insufficient assets with which to do so. For these reasons, and the additional reasons below, 3AC is insolvent within the meaning of section 8(1)(a) of the Insolvency Act 2003.

26. 3AC has *conceded* that, as of the date of this Affidavit, it is unable to pay this debt. Indeed, as stated in the affidavit of Nima H. Mohebbi filed concurrently herewith, 3AC's lead counsel effectively represented to Blockchain.com's litigation counsel, in sum and substance, that 3AC was effectively "under water," in default of multiple credit obligations, and attempting to work out a "plan" to deal with it. *See* Mohebbi Aff. ¶¶ 6(b)-(d). Further, as of the date of this Affidavit, I understand that 3AC has missed multiple margin calls with various digital currency lending firms, including another one of its major lenders, BlockFi, as reported in the Financial Times, among other news outlets. A copy of that article can be found on page 60 to 63.

27. On 13 June 2022, I spoke to Mr. Davies over Zoom, and he informed me that 3AC was trying to borrow 5,000 Bitcoin from Genesis Global Trading ("Genesis")—another digital currency lending firm—to pay a margin call to another lender. At that time , this amount of Bitcoin had a value of roughly USD $125 million. Mr. Davies also offered to sell us some of their illiquid assets including their shares in Deribit and Starkware, and represented during this conversation that if the crypto market continued to decline, 3AC would not be okay. It was clear to me that 3AC was having severe liquidity problems. My 13 June 2022 conversation with Mr. Davies was the last live discussion I had with him despite attempting contact several times in the days that followed.

28. Moreover, Blockchain.com's counsel has received indications that other creditors may be seeking relief. In particular, 3AC's counsel stated that a large creditor had initiated arbitration against 3AC, and that several other creditors had threatened to initiate arbitration. *See* Mohebbi Aff. ¶¶ 6(c)-(d).

29. There have been numerous reports recently regarding 3AC's current financial situation, which describe 3AC's insolvency and rapidly deteriorating financial position:

(a) On 16 June 2022, a Fortune article reported that after $400 million in liquidations, 3AC was facing insolvency. A copy of the Fortune article appears on pages 64 to 70.

(b) On 17 June 2022, the Wall Street Journal reported on 3AC's potential insolvency. Mr. Davies revealed to the Journal that 3AC was exploring options including asset sales and a rescue by another firm. A copy of the Wall Street Journal article appears on pages 71 to 76.

(c) In fact, it was reported that, since 7 June 2022, the 3AC team has been pitching investors on an investment opportunity as a last-ditch effort to save the Company after a series of crypto investments soured, including in Luna. A 17 June 2022 article by The Block—a major crypto news source—covering these efforts appears on pages 77 to 81.

(d) On 15 June 2022, it was reported by Decrypt—another crypto news source—that 3AC sold assets including $40 million worth of its Lido Staked Ethereum (stETH), a form of "staked" Ethereum, *i.e.*, a crypto asset which allows the holder to receive financial rewards or interest. According to the Decrypt article, t his sale was made to keep over $300 million in loans from going into liquidation. A copy of the Decrypt article appears on pages 82 to 88.

(e) Also on 15 June 2022, The Block reported that $400 million in 3AC loans were liquidated by other lending firms.[3] A copy of The Block article appears on pages 89 to 91. The Block further reported that crypto lenders FTX and

[3] Staff at the same publication also tweeted that 3AC had "~1.5 billion in net liabilities, definitely underwater," as shown on page 92.

BitMEX liquidated 3AC's positions after 3AC failed to meet margin calls, as shown on pages 53 to 56.

(f) The Financial Times reported that 3AC failed to meet demands from lenders to stump up extra funds after its digital currency investments plummeted. According to the article, two major crypto lenders, BlockFi and Genesis, were among the groups that liquidated at least some of 3AC's positions. A copy of the Financial Times article appears on pages 60 to 63.

(g) On 21 June 2022, Crypto Briefing—a crypto research and news media source—reported that 3AC was facing a liquidity crisis due to the collapse of the crypto market. It summarized reports that the fund had failed to meet margin calls on several of its undercollateralized loans, and numerous parties described radio silence from Messrs. Zhu and Davies when informing them that their leveraged positions were in danger of being liquidated. Other entities (such as 8 Blocks Capital) had reported that 3AC had used funds from them to answer leveraged margin calls. Crypto Briefing also reported that BlockFi and Genesis both reported that they had liquidated a "large" client, likely 3AC. A copy of the Crypto Briefing article appears on pages 93 to 100.

(h) On 22 June 2022, Voyager Digital ("Voyager")—a crypto currency trading platform—issued a press release announcing that it has demanded repayment of roughly USD $650 million in assets loaned to 3AC. A copy of the 22 June 2022 Voyager release appears on pages 101 to 108, and a copy of an article of the same date published by Forbes estimating the borrowed debt at USD $650 million appears on pages 109 to 113.[4]

[4] Crypto industry observers have commented on 3AC's precarious financial situation, as shown on pages 114 to 116, including remarking that: (1) "3AC was unfortunately on the wrong side of two synthetic trades—with size—in GBTC and stETH"; (2) 3AC "has been aggressively paying back AAVE debt against its 223k ETH / $264mm position to avoid liquidation"; (3) "[w]ith $198mm in borrowings against [3AC], @85% liq threshold, a -11% move in ETH to $1,042 liquidates [3AC]"; and (4) 3AC is "the biggest stETH dumper" and is "dumping on every account and seed round address they have" to "payback debts and outstanding borrows."

30. I also understand that, a few days before Blockchain.com demanded repayment of its loans from 3AC, 3AC reportedly reached out to a crypto lending company called HODLnauts looking to borrow crypto (Bitcoin and Ethereum) without posting collateral. HODLnauts turned 3AC away when 3AC failed to post collateral. This understanding is based on several Tweets posted by the co-founder of HODLnaut, as shown on pages 117 to 119. On information and belief, 3AC sought to obtain this loan to satisfy lender margin calls in light of its massive losses. I understand that 3AC has also reached out to other lenders (including private lenders), but has not been able to secure the funds.

31. Despite these issues, 3AC has refused meaningfully to engage with Blockchain.com, to answer its requests, or to otherwise address its several Events of Defaults.

C. Provisional Liquidators Should Be Appointed: 3AC's Remaining Assets Are At Immediate Risk of Dissipation

Notwithstanding Its Financial State, 3AC Continued to Substantially Increase Its Liabilities and Misrepresent Its Financial Position

32. As noted in Section B, I understand that, even as 3AC reached apparent insolvency, it continued to seek and obtain credit from various creditors to pay margin calls owed on existing debt, further increasing its liabilities and diminishing or risking its available assets.

33. Indeed, as noted in Section B above, 3AC told us that they tried to borrow 5,000 Bitcoin (then valued at approximately USD $125 million) from Genesis to pay a margin call on a loan from a different lender on or around 13 June 2022, and similarly tried to borrow Bitcoin and Ethereum from HODLnauts without posting collateral around the same time. I understand, based on the facts set forth in Section B, that 3AC was likely insolvent at this point.

34. Further, as discussed above, 3AC's representations regarding its NAV, leverage, and directional positioning appear inconsistent with its current state of apparent insolvency given subsequent observed movements in market prices, *e.g.*, the observed decline of approximately 20% in the price of Bitcoin from 21 May 2022 (c. 30k) to 13 June 2022 (c. 24k) when I spoke with Mr. Davies. We believe 3AC may

have mis-represented these crucial data points in order to prevent Blockchain.com from reducing its positions via calling 3AC's loans. I am informed by Blockchain.com staff and verily believe that 3AC even threatened that it would boycott all future business with Blockchain.com if Blockchain.com called the loans due.

35. It is my belief that 3AC's willingness to continue to borrow while it is heavily insolvent whilst making apparent misrepresentations and threats suggests its management cannot be trusted to retain any remaining assets for the benefit of creditors like Blockchain.com.

3AC Is Having Selective Discussions with Certain Large Creditors But Not With Blockchain.com and Others

36. As discussed in Section B, 3AC has now defaulted on multiple loans with different lenders, including several lenders and exchanges who have liquidated 3AC's positions after 3AC failed to meet margin calls. For several weeks, 3AC has refused to respond to several creditors' attempts at outreach despite having publicly acknowledged default on its various obligations, including creditors with whom Blockchain.com has spoken.

37. As noted, it is also my understanding that Blockchain.com has attempted to reach out to Messrs. Zhu and Davies (and other 3AC representatives), yet has been met largely with silence. At no point has any 3AC representative attempted to engage with Blockchain.com in good faith about these issues. Coupled with the rebuked efforts of others, as chronicled above, this indicates, in my experience, that 3AC is unable to meet its debt obligations. Copies of Blockchain.com's varied outreach efforts appear on pages 120 to 124.

38. Yet despite refusing meaningfully to engage with Blockchain.com or others about 3AC's outstanding obligations, Messrs. Zhu and Davies have publicly stated that 3AC is working with other creditors to resolve its debt, as shown in a 14 June 2022 Tweet from Mr. Zhu and the previously-mentioned 17 June 2022 Wall Street Journal article, appearing on pages 125, and 71 to 76. Voyager, which has demanded that 3AC repay a combined total of roughly USD $650 million, has also publicly stated that it is "in discussions with [3AC's] advisors regarding the legal remedies available," as shown in the 22 June 2022 CoinDesk article appearing on pages 126 to 132.

39. If such discussions are indeed taking place, Blockchain.com is not being included. On information and belief, based on these contrary public representations, 3AC has either publicly misrepresented the degree to which it is working with creditors, or has chosen to cut certain creditors like Blockchain.com out of these discussions. In either event, this causes me to believe that there is a material risk of the dissipation of 3AC's assets.

Many Creditors Are Now Seeking to Enforce Their Rights Against 3AC

40. I also understand that many of 3AC's creditors are now seeking to enforce their rights to collect on 3AC's outstanding debt obligations, increasing the risk that 3AC will dissipate assets without consideration of Blockchain.com's ability to recoup its losses.

41. As I have said, I understand that a large lender has likely already initiated arbitration against 3AC to recover outstanding amounts owed. *See* Mohebbi Aff. ¶ 6(c). Moreover, as I have also said, Voyager has publicly announced that failure to pay will constitute an event of default, and has further stated that it intends to pursue recovery from 3AC if repayment is not made. The affidavit of Nima H. Mohebbi likewise states that several other creditors have threatened to initiate arbitration against 3AC and are actively seeking remedies against 3AC.

42. Apart from the arbitration, there is also at least one class action complaint asserting securities law violations based on the sale of Luna and naming 3AC as a defendant. A copy of the class action complaint in this case (*Patterson v. Terraform Labs, Pte Ltd. et al*.) appears on pages 133 to 206. I believe 3AC's insolvency will continue to breed new lawsuits, which will likely increase the number of creditors claiming a right to 3AC's available assets.

3AC's Principals' Financial Circumstances

43. Despite the fact that 3AC is in default of its obligations to several lenders (including Blockchain.com), upon information and belief, I understand that 3AC's directors and co-founders—Messrs. Zhu and Davies—have continued to pay for and collect extravagant assets. This concerns me, as it suggests that there is a risk 3AC's assets will be dissipated for personal use.

44. For example, upon information and belief I understand that Messrs. Zhu and Davies reportedly made a down payment on a ***USD $50 million*** yacht. I understand that the yacht will be delivered sometime in the next two months in Italy, at which point the remaining purchase price presumably will be due. It is also my understanding that Mr. Davies intends this yacht to be larger than any yacht owned even by Singapore's richest billionaires. Further, I am aware that others in the crypto industry have speculated that the yacht was purchased with borrowed funds, as shown by a 23 June 2022 article published by U.Today, a financial technology news outlet, which appears on pages 207 to 209.

45. As another example, upon information and belief, I understand from a 17 December 2021 Business Times article that Mr. Zhu recently purchased a SGD $48.8 million Good Class Bungalow, which, according to the article, is one of the most prestigious forms of housing in Singapore. A copy of the 17 December 2021 Business Times article appears on pages 210 to 215. I understand that property records indicate that Mr. Zhu and his wife are joint tenants of the SGD $48.8 million property as of March 2022. A copy of these records appear at pages 216 to 221. From the Business Times article, I also understand that the property is being held in trust for their three-year-old son (ostensibly to be beyond the reach of creditors).

3AC May Take Steps to Offload Illiquid Assets

46. Upon information and belief, I understand that Mr. Davies stated that all inbound questions about 3AC are being directed to 3AC's counsel whom we have heard has advised 3AC to "convert" any assets it has to Singapore dollars, and hold that amount in a Singapore bank account, presumably in order to help shield those assets from creditors. Relatedly, Blockchain.com has heard market commentary suggesting that Messrs. Zhu and Davies are exploring various strategies to put assets beyond the reach of their creditors.

47. It is also my understanding from various news reports that 3AC has already made efforts to sell some of its illiquid assets to pay certain creditors.

    (a) The Wall Street Journal article on 17 June 2022 indicates that 3AC admitted that it is considering selling its illiquid assets to pay its existing debt, as shown on pages 71 to 76.

IN THE EASTERN CARIBBEAN SUPREME COURT
VIRGIN ISLANDS
IN THE HIGH COURT OF JUSTICE
COMMERCIAL DIVISION

CLAIM NO. BVIHC (COM) 01117 of 2022

BETWEEN:

DRC PANAMA INC.

Applicant

and

THREE ARROWS CAPITAL LTD

Respondent

AFFIDAVIT OF CHARLES MCGARRAUGH

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THE EASTERN CARIBBEAN SUPREME COURT
VIRGIN ISLANDS
IN THE HIGH COURT OF JUSTICE
COMMERCIAL DIVISION

CLAIM NO. BVIHC (COM) 01117 of 2022

BETWEEN

DRB PANAMA INC.

Applicant

and

THREE ARROWS CAPITAL LTD

Respondent

CERTIFICATE OF EXHIBIT – "CM-1"

I hereby certify that the attached are the documents referred to as exhibit "CM-1" in the Affidavit of Charles McGarraugh sworn before me this .

IN THE EASTERN CARIBBEAN SUPREME COURT
VIRGIN ISLANDS
IN THE HIGH COURT OF JUSTICE
COMMERCIAL DIVISION

CLAIM NO. BVIHC (COM) 01117 of 2022

BETWEEN:

DRC PANAMA INC.

Applicant

and

(1) THREE ARROWS CAPITAL LTD

Respondent

EXHIBIT "CM-1"

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Tel: +1 284 346 8040

1. Blockchain.com
2. Nima H. Mohebbi
3. First Affidavit
4. Exhibit NM

THE EASTERN CARIBBEAN SUPREME COURT
IN THE HIGH COURT OF JUSTICE
VIRGIN ISLANDS
COMMERCIAL DIVISION
CLAIM NO. BVIHC (COM) 2022/0117

IN THE MATTER OF THE INSOLVENCY ACT, 2003
AND IN THE MATTER OF THREE ARROWS CAPITAL LTD

BETWEEN:

DRB PANAMA INC.

Applicant

-v-

THREE ARROWS CAPITAL LTD

Respondent

EXHIBIT CM-1

Tab	Document	Date	Pages
1.	Three Arrows Capital Ltd ("3AC") and Blockchain Access UK Ltd ("Blockchain.com") Master Loan Agreement	13 June 2019	1-23
2.	AUM Letter from K. Davies	13 May 2022	24
3.	*Three Arrows Capital reportedly facing insolvency, crypto bubble is bursting*, FXStreet	15 June 2022	25-32
4.	*$559.6 Million Used By Three Arrows Capital (3AC) to Acquire Locked Luna Now Worth $670*, Times Tabloid	16 June 2022	33-36
5.	Text thread between E. Zhao and S. Odell regarding 3AC Luna Exposure	11 May 2022	37
6.	*Crypto crash: Stablecoin collapse sends tokens tumbling*, BBC	12 May 2022	38-41
7.	Text thread between K. Davies and S. Odell regarding 3AC leverage	12 May 2022	42

BLOCKCHAIN MASTER LOAN AGREEMENT

This Master Loan Agreement ("Agreement") is made on this 13 day of June, 2019 ("Effective Date") by and between Three Arrows Capital Ltd ("Borrower"), a corporation organized and existing under the laws of the British Virgin Islands with its principal place of business at 7 Temasek Boulevard #21-04, Singapore 038987 and Blockchain Access UK Ltd ("Blockchain Access UK Ltd" or "Lender") a corporation organized and existing under the laws of United Kingdom, with its registered office at 3rd Floor 86-90 Paul Street London, UK EC2A 4NE.

RECITALS

WHEREAS, subject to the terms and conditions of this Agreement, Borrower may, from time to time, seek to initiate a transaction pursuant to which Lender will lend U.S. Dollars or Digital Currency to Borrower, and Borrower will return such U.S. Dollars or Digital Currency to Lender upon the termination of the Loan; and

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which hereby acknowledged, the Borrower and the Lender hereby agree as follows:

I. Definitions

"***Airdrop"*** means a distribution of a new token or tokens resulting from the ownership of a preexisting token. For the purposes of Section IV, an "***Applicable Airdrop***" is an Airdrop for which the distribution of new tokens can be definitively calculated according to its distribution method, such as a pro rata distribution based on the amount of the relevant Digital Currency held at a specified time. A "***Non-Applicable Airdrop***" is an Airdrop for which the distribution of new tokens cannot be definitively calculated, such as a random distribution, a distribution to every wallet of the relevant Digital Currency, or a distribution that depends on a wallet of the relevant Digital Currency meeting a threshold requirement.

"***Authorized Agent***" has the meaning set forth in Exhibit A.

"***Borrower***" means Three Arrows Capital Ltd.

"***Borrowed Amount***" refers to the value of the Loaned Assets in U.S. dollars on the Loan Effective Date.

"***Borrower Email***" means operations@threearrowscap.com.

"***Business Day***" means a day on which Blockchain is open for business, following the New York Stock Exchange calendar of holidays.

"***Business Hours***" means between the hours of 9:00 am to 5:00 pm New York time on a Business Day.

"***Call Option***" means Lender has the option to demand immediate payment of a portion or the entirety of the Loan Balance at any time, subject to this Agreement.

"Close of Business" means 5:00 pm New York time.

"Collateral" is defined as set forth in Section IV(a)

"***Demand Loan***" means a Loan without a Maturity Date where the Lender has a Call Option.

"***Digital Currency***" means Bitcoin (BTC), Bitcoin Cash (BCH), Ether (ETH), Ether Classic (ETC), or Litecoin (LTC), or any digital currency that the Borrower and Lender agree upon.

"***Digital Currency Address***" means an identifier of 26-34 alphanumeric characters that represents a digital identity or destination for a transfer of Digital Currency.

"Fixed Term Loan" means a Loan with a pre-determined Maturity Date, where Borrower does not have a Prepayment Option and Lender does not have a Call Option.

"***Hard Fork"*** means a permanent divergence in the block chain (e.g. when non-upgraded nodes cannot validate blocks created by upgraded nodes that follow newer consensus rules, or an airdrop or any other event which results in the creation of a new token).

"***Lender***" means Blockchain Access UK LTD.

"***Loan***" means a request for a loan or an actual loan of Digital Currency or U.S. Dollars made pursuant to and in accordance with this Agreement and a Loan Term Sheet.

"***Loan Balance"*** means the sum of all outstanding amounts of Loaned Asset, Loan Fees, Late Fees, and any Earlier Termination Fee for a particular Loan.

"***Loan Documents***" means this Master Loan Agreement and any and all Loan Term Sheets entered into between Lender and Borrower.

"***Loan Effective Date***" means the date upon which a Loan begins.

"***Loan Fee***" means the fee paid by Borrower to the Lender for the Loan.

"***Loan Term Sheet***" means the agreement between Lender and Borrower on the particular terms of an individual Loan, which shall be memorialized in an agreement as set forth in Exhibit B or in a form approved by Lender comparable therewith.

"***Loaned Assets***" means any Digital Currency or U.S. Dollar amount transferred in a Loan hereunder until such Digital Currency (or other Digital Currency, as agreed upon by both the Borrower and Lender) or U.S. Dollar amount is transferred back to Lender hereunder. For purposes of return of Loaned Digital Currency by Borrower or purchase or sale of Digital Currencies pursuant to Section II, such term shall include Digital Currency of the same quantity and type as the Digital Currency.

"***Maturity Date***" means the pre-determined future date upon which a Loan becomes due in full.

"***Open Loan***" means a Loan without a Maturity Date where Borrower has a Prepayment Option and Lender has a Call Option.

"***Prepayment Option***" means the Borrower has the option to repay or return the Loaned Assets prior to the Maturity Date, subject to this Agreement.

"***Term***" means the period from the Loan Effective Date through Termination Date.

"***Term Loan with Call Option***" means a Loan with a pre-determined Maturity Date where Lender has a Call Option.

"***Term Loan with Prepayment Option***" means a Loan with a pre-determined Maturity Date where Borrower has a Prepayment Option.

"***Term Loan with Call and Prepayment Options***" means a Loan with a pre-determined Maturity Date where Borrower has a Prepayment Option and Lender has a Call Option.

"***Termination Date***" means the date upon which a Loan is terminated.

II. General Loan Terms.

(a) Loans of Digital Currency or U.S. Dollars

Subject to the terms and conditions hereof, Borrower may, in its sole and absolute discretion, request from the Lender a Loan to Borrower of a specified amount of Digital Currency or U.S. Dollars, and Lender may, in its sole and absolute discretion, extend such Loan or decline to extend such Loan on terms acceptable to Lender and as set forth in a corresponding Loan Term Sheet.

(b) Loan Procedure

From time to time during the Term of this Agreement, during the hours of 9:00 am New York time to 4:00 pm New York time on a Business Day (the "Request Day"), by email directed to

macrina@blockchain.com (or such other address as Lender may specify in writing), an Authorized Agent of Borrower may request from Lender a Loan of a specific amount of Digital Currency or U.S. Dollars (a "Lending Request"). Provided Lender receives such Lending Request prior to 3:00 pm New York time, Lender shall by email directed to Borrower Email (or such other address as Lender may specify in writing) to inform Borrower whether Lender agrees to make such a Loan. If Lender fails to provide Borrower with an acceptance as to a particular Lending Request prior to Close of Business on the Request Day, such Lending Request shall be deemed to have be denied by Lender.

As part of its Lending Request, Borrower shall provide the following proposed terms:

(i) Whether U.S. Dollars or Digital Currency, and if Digital Currency, the type of Digital Currency;
(ii) the amount of Digital Currency or U.S. Dollars;
(iii) whether the Loan is to be a Fixed Term Loan, a Term Loan with Prepayment Option, or an Open Loan;
(iv) the Loan Effective Date;
(v) the Maturity Date (if a Fixed Term Loan or a Term Loan with Prepayment Option).

If Lender agrees to make a Loan, Lender shall commence transmission to either (x) the Borrower's Digital Currency Address the amount of Digital Currency; or (y) Borrower's bank account by bank wire the amount of U.S. Dollars, as applicable, as such Digital Currency Address or bank wire instruction is set forth in the Lending Request on or before Close of Business on the Request Day.

The specific and final terms of a Loan shall be memorialized using the Loan Term Sheet. In the event of a conflict of terms between this Master Loan Agreement and a Loan Term Sheet, the terms in the Loan Term Sheet shall govern.

(c) Loan Repayment Procedure

(i) Loan Repayment

Unless otherwise specified in subsections (ii) and (iii) below, upon the earlier of the Maturity Date, the Recall Delivery Day or the Redelivery Day (as defined below) for a Loan, Borrower shall repay the entirety of the Loan Balance to Lender by Close of Business.

(ii) Call Option

For Loans in which the Lender has a Call Option (e.g. Open Loans, etc.), Lender may during Business Hours (the "Recall Request Day") demand repayment of a portion or the entirety of the Loan Balance (the "Recall Amount"). Lender will notify Borrower of Lender's exercising of this right by email to Borrower's Email. Borrower will then have until Close of Business on the second Business Day after the Recall Request Day (the "Recall Delivery Day") to deliver the Recall Amount.

In the event of a Call Option where Lender demands only a portion of the Loan Balance, Borrower shall repay said portion of the Loan Balance on the Recall Day and the remaining portion of the Loan Balance on the earlier of the Maturity Date or the subsequent Recall Delivery Day.

(iii) Prepayment Option

For Loans in which Borrower has a Prepayment Option (e.g. Open Loans, Term Loans with Prepayment Option, etc.), Borrower may notify Lender during Business Hours of Borrower's intent to return the Loan prior maturity or Lender's exercising of its Call Option without being subject to Early Termination Fees as set forth in Section III(d). Borrower shall provide said notice at least two Business Days prior to the date on which the Borrower will repay all or a portion of the Loan Balance (said later date, the "Redelivery Date"). Borrower's exercising of its Prepayment Option shall not relieve it of any of its obligations herein, including without limitation its payment of owed Loan Fees and Late Fees.

In the event of a Prepayment Option where the Borrower repays only a portion of the Loan Balance, Borrower shall repay said portion of the Loan Balance on the Redelivery Day and the remaining portion of the Loan Balance on the earlier of the Maturity Date or subsequent Redelivery Day.

(d) Termination of Loan

Loans will terminate upon the earlier of:

(i) the Maturity Date;

(ii) the repayment of the Loan Balance by Borrower prior to the Maturity Date;

(iii) Upon an Event of Default as defined in Section VII; however, Lender shall have the right in its sole discretion to suspend the termination of a Loan under this subsection (iii) and reinstitute the Loan. In the event of reinstitution of the Loan pursuant to the proceeding sentence, Lender does not waive its right to terminate the Loan hereunder.

Nothing in the forgoing shall cause, limit, or otherwise affect the Term and termination of this Agreement except as specified in Section VIII.

III. Loan Fees and Transaction Fees.

(a) Loan Fee

Unless otherwise agreed, Borrower agrees to pay Lender a Loan Fee on each Loan.
When a Loan is executed, the Borrower will be responsible to pay the Loan Fee as agreed to herein and in the relevant Loan Term Sheet, annualized and subject to change if thereafter agreed by Borrower and Lender. Except as Borrower and Lender may otherwise agree, Loan Fees shall

accrue from and include the date on which the Loaned Assets are transferred to Borrower to the date on which such Loaned Assets are repaid in their entirety to Lender.

Lender shall calculate any Loan Fees owed on a daily basis and provide Borrower with the calculation upon request. The Loan Fee will be calculated off all outstanding portions of the Loaned Assets.

(b) Late Fee

For each Calendar Day in excess of the Maturity Date or the Recall Delivery Day (whichever is applicable) in which Borrower has not returned the entirety of the Loaned Assets or failed to timely pay any outstanding Loan Fee in accordance with section III(c), Borrower shall incur an additional fee (the "Late Fee") of a 10% (annualized, calculated daily) increase on top of the Loan Fee.

(c) Payment of Loan Fees and Late Fees

Unless otherwise agreed, any Loan Fee or Late Fees payable hereunder shall be paid by Borrower upon the earlier of (i) five (5) Business Days after receipt of an invoice from Lender or (ii) the termination of all Loans hereunder (the "Payment Due Date"). An invoice for Loan Fees and any Late Fees (the "Invoice Amount") shall be sent out on the first Business Day of the month and shall include any Loan Fees, Late Fees, and Early Termination Fees incurred during the previous month. Borrower shall have up to five Business Days from sending of said Invoice to pay the Invoice Amount. Failure of Lender to timely send an invoice in accordance with the preceding sentence shall not relieve Borrower of its obligation to pay any Loan Fees, Late Fees, and Early Termination Fees owed herein nor negate any Event of Default resulting from Borrower's failure to timely pay such fees. The Loan Fee, Late Fees, and Early Termination Fees shall be payable, unless otherwise agreed by the Borrower and Lender, in the same asset that was Borrowed, whether U.S. Dollars or Digital Currency on the same blockchain and of the same type that was loaned by the Lender during the Loan.

Notwithstanding the foregoing, in all cases, all Loan Fees, Late Fees, and Early Termination Fees shall be payable by Borrower immediately upon the occurrence of an Event of Default hereunder by Borrower.

(d) Early Termination Fees

For Fixed Term Loans and Term Loans with Call Options, if Borrower returns the Loaned Assets prior to the Maturity Date, Borrower shall pay to Lender an "Early Termination Fee" equal to thirty percent (30%) of the Loan Fee that would have accrued from the date of the repayment until the Maturity Date of the Loan. The Early Termination Fee is due with the repayment of the Loaned Assets. The Early Termination Fee shall not apply if Borrower returns the Loaned Assets to Lender in the event of a Hard Fork (as defined in Section IV) for the purposes of allowing Lender to split the tokens in accordance with Section V.

(e) Taxes and Fees

All transfer or other taxes or third party fees payable with respect to the transfer, repayment, and/or return of any Loaned Assets or Collateral hereunder shall be paid by Borrower.

IV. Collateral Requirements

(a) Collateral

Unless otherwise agreed by the Parties, or modified as set forth below, Borrower shall provide as collateral an amount of U.S. Dollars, Bitcoin or Ether (such choice at the sole discretion of Lender), to be determined and agreed upon by the Borrower and Lender ("Collateral") and memorialized using the Loan Term Sheet. The Collateral will be calculated as a percentage of the value of the Loaned Assets, such value determined by a spot rate agreed upon in the Loan Term Sheet. Borrower shall, prior to or concurrently with the transfer of the Loaned Assets to Borrower, but in no case later than the Close of Business on the day of such transfer, transfer to Lender the agreed upon Collateral.

Collateral shall always be valued in U.S. Dollars, but Borrower may, if mutually agreed by both parties, provide the Collateral (in whole or in part) to Lender in Bitcoin or Ether in an amount equal to the value of the Collateral in U.S. Dollars at a spot rate determined mutually agreed to by both parties. For the avoidance of doubt, upon the repayment of the Loaned Assets at the termination of a Loan, Lender shall return to Borrower the same amount and type of Collateral that was deposited, net of any Additional Collateral or Margin Call adjustments (as defined below in paragraph (b)). If a Hard Fork in the Bitcoin or Ether blockchain meeting the criteria in Section V occurs while Lender is holding Bitcoin or Ether as Collateral, Lender shall return the New Tokens (as defined in Section V) to Borrower in addition to the Collateral and Additional Collateral. If a Hard Fork occurs that does not meet the criteria in Section V, Lender shall have no obligation to return any New Tokens to Borrower.

The Collateral transferred by Borrower to Lender, as adjusted herein, shall be security for Borrower's obligations in respect of such Loan and for any other obligations of Borrower to Lender hereunder. Borrower hereby pledges with, assigns to, and grants Lender a continuing first priority security interest in, and a lien upon, the Collateral, which shall attach upon the transfer of the Loaned Assets by Lender to Borrower and which shall cease upon the transfer of the return of the Loaned Assets by Borrower to Lender. In addition to the rights and remedies given to Lender hereunder, Lender shall have all the rights and remedies of a secured party under the UCC. Lender shall be entitled to use the Collateral to conduct its digital currency lending and borrowing business, including transferring the Collateral to other parties.

(b) Loan and Collateral Transfer

If Lender transfers Loaned Assets to Borrower and Borrower does not transfer Collateral to Lender as provided in Section IV(a), Lender shall have the absolute right to the return of the Loaned Assets; and if Borrower transfers Collateral to Lender, as provided in Section IV(a), and Lender does not transfer the Loaned Assets to Borrower, Borrower shall have the absolute right to the return of the Collateral.

(c) Margin Calls

If during the Term of a Loan the value of the Collateral, using the current spot rate as indicated on Blockchain.com, as a percentage of the "Amount of Asset" specified on the Loan Term Sheet falls below the "Margin Call Level" on the Loan Term Sheet, Lender shall have the right to require Borrower to contribute additional Collateral, as valued in U.S. Dollar only (unless mutually agreed to by both parties), provide such additional Collateral (in whole or in part) in Bitcoin or Ether in an amount equal to the value of the Collateral in U.S. Dollars at a spot rate mutually agreed to by both Parties, so that the Collateral value as a percentage of the "Amount of Asset" is equal to the "Collateral Level" as indicated on the Loan Term Sheet (the "Additional Collateral"). In the event the Loaned Assets decreases below the original Borrowed Amount, Lender may, at its sole discretion, return a portion of the Collateral in an amount determined by Lender; however, in such an event, Lender reserves its rights under this Section IV to request Borrower to contribute collateral up to the original amount of Collateral and also Additional Collateral if required.

If Lender requires Borrower to contribute Additional Collateral, it shall send an email notification (the "First Notification") to the Borrower at the email address indicated in Section XIV (or such other address as the parties shall agree to in writing) that sets forth: (i) the Margin Call Spot Rate and (ii) the amount of Additional Collateral required based on the Margin Call Spot Rate. Borrower shall have twelve (12) hours from the time Lender sends such First Notification to (x) respond and send payment to Lender in accordance with subsection (c) below, or (y) respond that the spot rate as indicated on Blockchain.com has changed sufficiently such that it is no longer at or above the Margin Call Spot Rate. If Lender agrees by email that Borrower's response according to (y) above is correct, then no other action is required by Borrower. If Lender fails to agree by email with Borrower's response in accordance with (y) by Close of Business that same day, such shall be deemed as Lender's rejection of Borrower's response and a re-statement of Lender's demand for Borrower to contribute Additional Collateral.

If Borrower fails to respond to the First Notification within twelve hours, or Lender rejects Borrower's response pursuant to (y) above, whether affirmatively by email or by non-reply as set forth above, and the spot rate of the Loaned Assets is still at least at the Margin Call Spot Rate, Lender shall send a second email notification (the "Second Notification") repeating the information in (i) and (ii) in the paragraph above. Borrower shall have six (6) hours from the time Lender sends the Second Notification to respond according to (x) or (y) above, and Lender has the right to accept or reject Borrower's response as stated above. Failure by Borrower to respond to either the First Notification or the Second Notification, shall give Lender the option to declare an Event of Default under Section VIII below.

(d) Payment of Additional Collateral

Payment of the Additional Collateral shall be made by bank wire to the account specified in the Loan Term Sheet, or to the Digital Currency Address specified in the Loan Term Sheet, as applicable; or by a return of the amount of Loaned Assets necessary to make the USD Collateral percentage indicated in the Loan Term Sheet correct based on the Margin Call Spot Rate. For any

return of Loaned Assets made in accordance with this Section, Borrower is still responsible for payment of any Early Termination Fees that apply to the particular Loan.

(e) Return of Collateral

Upon Borrower's repayment of the Loan and acceptance by Lender of the Loaned Assets into Lender's Digital Currency Address or bank account, with such delivery being confirmed on the relevant Digital Currency blockchain ten times (if applicable), Lender shall initiate the return of Collateral within five Business Days to a bank account designated by Borrower or, where Digital Currency is Collateral, into an applicable Digital Currency account on the behalf of Borrower.

V. Hard Fork

(a) Notification

In the event of a public announcement of a future Hard Fork or an Airdrop in the blockchain for any Loaned Digital Currency, Lender shall provide email notification to Borrower.

(b) No Immediate Termination of Loans Due to Hard Fork

In the event of a Hard Fork in the blockchain for any Loaned Assets or an Airdrop, any outstanding Loans will not be immediately terminated. Borrower and Lender may agree, regardless of Loan type, for Lender to manage the Hard Fork on the behalf of Borrower through Borrower returning the Loaned Assets to Lender two business days prior to the scheduled Hard Fork or Airdrop. Lender shall not be obligated to return any Collateral to the Borrower during the period in which Lender manages the Loaned Assets on the behalf of Borrower. Lender shall fork the Loaned Assets and following the Hard Fork shall return to Borrower the Loaned Assets but not the New Tokens (as defined below). For any whole days in which Lender manages the Loan Digital Currency pursuant to this section, the Loan Fee for those days shall not accrue. Nothing herein shall relieve, waive, or otherwise satisfy Borrower's obligations hereunder, including without limitation, the return of the Loaned Assets at the termination of the Loan and payment of accrued Loan Fees, which includes the per diem amounts for days on which Borrower transfers Digital Currency to Lender and Lender transfers said Digital Currency back to Borrower pursuant to this section.

(c) Lender's Right to New Tokens

Lender will receive the benefit and ownership of any incremental tokens generated as a result of a Hard Fork in the Digital Currency protocol or an Applicable Airdrop (the "New Tokens") if any two of the following four conditions are met:

- *Hash Power*: the average hash power mining the New Token on the 30th day following the occurrence of the Hard Fork or Applicable Airdrop (calculated as a 30-day average on such date) is at least 5% of the hash power mining the Loaned Assets on the day preceding the Hard Fork or Applicable Airdrop (calculated as a 3-day average of the 3 days preceding the Hard Fork).

- *Market Capitalization*: the average market capitalization of the New Token (defined as the total value of all New Tokens) on the 30th day following the occurrence the Hard Fork or Applicable Airdrop (calculated as a 30-day average on such date) is at least 5% of the average market capitalization of the Loaned Assets (defined as the total value of the Loaned Assets) (calculated as a 30-day average on such date).
- *24-Hour Trading Volume*: the average 24-hour trading volume of the New Token on the 30th day following the occurrence the Hard Fork or Applicable Airdrop (calculated as a 30-day average on such date) is at least 1% of the average 24-hour trading volume of the Loaned Assets (calculated as a 30-day average on such date).
- *Wallet Compatibility*: the New Token is supported by either BitGo wallets or Ledger wallets within 30 days of the Hard Fork or Applicable Airdrop.

For the above calculations, the source for the relevant data on the Digital Currency hash power, market capitalization, and 24-Hour trading volume will be blockchain.com (or, if blockchain.info does not provide the required information, bitinfocharts.com, and if neither provides the required information, the parties shall discuss in good faith to mutually agree upon another data source) and the source for the hash power of the New Token will be bitinfocharts.com (or, if bitinfocharts.com does not provide the required information, the parties shall discuss in good faith to mutually agree upon another data source prior to the 30-day mark of the creation of the New Token).

If the Hard Fork or Applicable Airdrop meets the criteria above, Borrower will have up to 60 days from the Hard Fork or Applicable Airdrop to transfer the New Tokens to Lender. If sending the New Tokens to Lender is prohibitively burdensome, upon Lender's agreement with Borrower, Borrower can reimburse Lender for the value of the New Tokens with any combination of a one-time payment in the same Loan Digital Currency transferred as a part of the Loan reflecting the amount of the New Tokens owed using the agreed upon spot rate at the time of said repayment or returning the borrowed Digital Currency so that Lender can manage the split of the underlying digital tokens as described in subsection (b) above. Alternatively, subject to Lender's written agreement, the parties may agree to other methods of making Lender whole for Borrower's failure to transfer New Tokens to Lender. In all cases, Borrower will be solely responsible for payment of additional costs incurred by such transfer methods, including but not limited to technical costs, third party fees, and tax obligations for the transaction, including but not limited to a tax gross-up payment. For the avoidance of doubt, if Borrower returns a Loan to Lender prior to the 30th day following a Hard Fork, Borrower's obligations under this Section V shall continue for any New Tokens that meet the criteria in this subsection (c) for such Loan on the 30th day following the Hard Fork. Lender's rights to New Tokens as set forth in this Section shall survive the termination of the relevant Loan, return of the Loaned Assets, and termination of this Agreement.

VI. Representations and Warranties.

The parties to this Agreement hereby make the following representations and warranties, which shall continue during the term of this Agreement and any Loan hereunder:

(a) Each party hereto represents and warrants that (a) it has the power to execute and deliver this Agreement, to enter into the Loans contemplated hereby and to perform its obligations hereunder, (b) it has taken all necessary action to authorize such execution, delivery and performance, and (c) this Agreement constitutes a legal, valid, and binding obligation enforceable against it in accordance with its terms.

(b) Each party hereto represents and warrants that it has not relied on the other for any tax or accounting advice concerning this Agreement and that it has made its own determination as to the tax and accounting treatment of any Loan, any Digital Currency, Collateral, or funds received or provided hereunder.

(c) Each party hereto represents and warrants that it is acting for its own account.

(d) Each party hereto represents and warrants that it is a sophisticated party and fully familiar with the inherent risks involved in the transaction contemplated in this Agreement, including, without limitation, risk of new financial regulatory requirements, potential loss of money and risks due to volatility of the price of the Loaned Assets, and voluntarily takes full responsibility for any risk to that effect.

(e) Each party represents and warrants that it is not insolvent and is not subject to any bankruptcy or insolvency proceedings under any applicable laws

(f) Each party represents and warrants there is no proceedings pending or, to its knowledge, threatened, which could reasonably be anticipated to have any adverse effect on the transactions contemplated by this Agreement or the accuracy of the representations and warranties hereunder or thereunder.

(g) Each party represents and warrants that to its knowledge the transactions contemplated in this Agreement are not prohibited by law or other authority in the jurisdiction of its place of incorporation, place of principal office, or residence and that it has necessary licenses and registrations to operate in the manner contemplated in this Agreement.

(h) Lender represents and warrants that it has, or will have at the time of transfer of any Assets, the right to transfer such Loaned Assets subject to the terms and conditions hereof, and that it owns the Loaned Assets, free and clear of all liens.

(i) Borrower represents and warrants that it has, or will have at the time of transfer of any Loaned Assets, the right to transfer such Loaned Assets subject to the terms and conditions hereof, and, free and clear of all liens and encumbrances other than those arising under this Agreement.

(j) Borrower represents and warrants that it has, or will have at the time of transfer of any Collateral, the right to grant a first priority security interest in said Collateral subject to the terms and conditions hereof.

VII. Covenants

Promptly upon (and in any event within seven (7) Business Days after) the execution of this Agreement, Borrower shall furnish Lender with Borrower's most recent annual and (if applicable) quarterly financial statements and any other financial statements mutually agreed upon by Borrower and Lender. For each successive year, Borrower shall also furnish Lender with Borrower's future annual financial statements by Borrower's fiscal year end or within seven (7) Business Days thereof.

VIII. Default

It is further understood that any of the following events shall constitute an event of default hereunder, and shall be herein referred to as an "Event of Default" or "Events of Default":

(a) the failure of the Borrower to return any and all Loaned Assets upon termination of the Loan;

(b) the failure of Borrower to pay any and all Loan Fees, Late Fees, or Early Termination Fees when due hereunder; however, Borrower shall have ten days to cure such default;

(c) the failure of either party to transfer Collateral or Additional Collateral as required by Section IV;

(d) a material default in the performance of any of the other agreements, conditions, covenants, provisions or stipulations contained in this Agreement, including without limitation a failure by Borrower to abide by its obligations in Section III or IV of this Agreement and Borrower's failure to cure said material default within ten days;

(e) any Event of Default (as such term is defined each applicable Loan Term Sheets) shall occur and shall be continuing beyond any applicable grace periods under such Loan Term Sheets;

(f) any bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings for the relief of debtors or dissolution proceedings shall be instituted by or against the Borrower and shall not be dismissed within thirty (30) days of their initiation;

(g) any event or circumstance occurs or exists that is a material adverse effect on the business, operations, prospects, property, assets, liabilities or financial condition of, such party, taken as a whole, or a material adverse effect on the ability of Borrower to perform its obligations under the Loan Documents, including but not limited to the ability to return, transfer, repay, or pay any and all Loaned Assets, Loan Fees, and Late Fees.

(h) any representation or warranty made in any of the Loan Documents proves to be incorrect or untrue in any material respect as of the date of making or deemed making thereof;

(i) either party notifies the other of its inability to or its intention not to perform its obligations hereunder or otherwise disaffirms, rejects, or repudiates any of its obligations hereunder; or

Each party shall give the other prompt written notice upon learning of any Event of Default by the other party under this Agreement and an opportunity to cure the Event of Default. This Cure Period means a period commencing on the date Borrower or Lender receives from the other written notice of an Event of Default hereunder and continuing until five (5) business days after receipt of such written notice; provided, however, that if the Event of Default is non-monetary and cannot reasonably be cured within such period, then the party providing notice of an Event of Default shall not unreasonably withhold additional time for the party in default to cure such Event of Default.

IX. Remedies

(a) Upon the occurrence and during the continuation of any Event of Default, the Lender may, at its option: (1) declare the entire Loan Balance outstanding for any Loan hereunder immediately due and payable; (2) terminate this Agreement and any Loan upon notice to Borrower; (3) transfer any Collateral from the collateral account to Lender's operating account necessary for the payment of any liability or obligation or indebtedness created by this Agreement, including but not limited to using the Collateral to purchase the relevant Digital Currency to replenish Lender's supply of the relevant Digital Currency or selling any Collateral in a relevant market for such Digital Currency; (4) purchase on Lender's own account a like amount of Loaned Assets in a relevant market for such Digital Currency; (5) exercise its rights under Section IX herein; and (6) exercise all other rights and remedies available to the Lender hereunder, under applicable law, or in equity; provided, that upon any Event of Default pursuant to Section VIII the Borrowed Amount and the amount of any Borrowing Fee then outstanding hereunder shall automatically become and be immediately due and payable.

(b) On the occurrence of any Event of Default under Sections VIII(e) or (f), this Agreement and all Loans made pursuant to this Agreement shall be terminated immediately and become due and payable.

(c) In the event that the purchase price of any replacement Digital Currency pursuant to subsections (a)(3) & (a)(4) above exceeds the amount of the Collateral, Borrower shall be liable to Lender for the amount of such excess together with interest thereon as specific in the Term Sheet. As security for Borrower's obligation to pay such excess, Lender shall have, and Borrower hereby grants, a security interest in any property of Borrower then held by or for Lender and a right of setoff with respect to such property and any other amount payable by Lender to Borrower. The purchase price of replacement Digital Currency purchased under this Section shall include, and the proceeds of any sale of Collateral shall be determined after deduction of, broker's fees and commissions and all other reasonable costs, fees and expense related to such purchase or sale (as the case may be). In the event Lender exercises its rights under this Section, Lender may elect in its sole discretion, in lieu of purchasing all or a portion of the replacement Digital Currencies or selling all or a portion of the Collateral, to be deemed to have made, respectively, such purchase of replacement Digital Currencies or sale of Collateral for an amount equal to the price therefor on the date of such exercise obtained from a generally recognized source.

(d) To the extent that the Loans are now or hereafter secured by property other than the Collateral, or by the guarantee, endorsement or property of any other person, then Lender shall have the right in its sole discretion to determine which rights, security, liens, security interests or remedies Lender shall at any time pursue, relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of them or any of Lender's rights hereunder.

(e) In connection with the exercise of its remedies pursuant to this Section IX, Lender may (i) exchange, enforce, waive or release any portion of the Collateral or Loans in favor of the Lender or relating to any other security for the Loans; (ii) apply such Collateral or security and direct the order or manner of sale thereof as the Lender may, from time to time, determine; and (iii) settle, compromise, collect or otherwise liquidate any such Collateral or security in any manner following the occurrence of an Event of Default, without affecting or impairing the Lender's right to take any other further action with respect to any Collateral or security or any part thereof.

(f) In addition to its rights hereunder, the non-defaulting party shall have any rights otherwise available to it under any other agreement or applicable law.

X. Rights and Remedies Cumulative.

No delay or omission by the Lender in exercising any right or remedy hereunder shall operate as a waiver of the future exercise of that right or remedy or of any other rights or remedies hereunder. All rights of the Lender stated herein are cumulative and in addition to all other rights provided by law, in equity.

XI. Survival of Rights and Remedies

All remedies hereunder and all obligations with respect to any Loan shall survive the termination of the relevant Loan, return of Loaned Assets or Collateral, and termination of this Agreement.

XII. Collection Costs.

In the event Borrower fails to pay any amounts due or to return any Digital Currency or upon the occurrence of any Event of Default in Section VIII hereunder, Borrower shall, upon demand, pay to Lender all reasonable costs and expenses, including without limitation, reasonable attorneys' fees and court costs, broker fees, and technology costs incurred by the Lender in connection with the enforcement of its rights hereunder.

XIII. Governing Law; Dispute Resolution.

This Agreement is governed by, and shall be construed and enforced under, the laws of the State of New York without regard to any choice or conflict of laws rules. If a dispute arises out of or relates to this Agreement, or the breach thereof, and if said dispute cannot be settled through negotiation it shall be finally resolved by arbitration administered in the County of New York, State of New York by the American Arbitration Association under its Commercial Arbitration

Rules, or such other applicable arbitration body as required by law or regulation, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction. The parties agree to waive their rights to a jury trial. If any proceeding is brought for the enforcement of this Agreement, then the successful or prevailing party shall be entitled to recover attorneys' fees and other costs incurred in such proceeding in addition to any other relief to which it may be entitled.

XIV. Notices.

Unless otherwise provided in this Agreement, all notices or demands relating to this Agreement shall be in writing and shall be personally delivered or sent by Express or certified mail (postage prepaid, return receipt requested), overnight courier, electronic mail (at such email addresses as a party may designate in accordance herewith), or to the respective address set forth below:

Lender:
Blockchain Access UK Ltd
3rd Floor 86-90 Paul Street
London, UK EC2A 4NE
Attn: Macrina Kgil
Email: macrina@blockchain.com

Borrower:

Attn: Three Arrows Capital Ltd
Email: operations@threearrowscap.com

Either party may change its address by giving the other party written notice of its new address as herein provided.

XV. Modifications.

All modifications or amendments to this Agreement shall be effective only when reduced to writing and signed by both parties hereto.

XVI. Single Agreement

Borrower and Lender acknowledge that and have entered into this Agreement in reliance on the fact that, all Loans hereunder constitute a single business and contractual relationship and have been entered into in consideration of each other. Accordingly, Borrower and Lender hereby agree that payments, deliveries, and other transfers made by either of them in respect of any Loan shall be deemed to have been made in consideration of payments, deliveries, and other transfers in respect of any other Loan hereunder, and the obligations to make any such payments, deliveries and other transfers may be applied against each other and netted. In addition, Borrower and Lender acknowledge that, and have entered into this Agreement in reliance on the fact that, all Loans hereunder have been entered into in consideration of each other. Accordingly, Borrower and Lender hereby agree that (a) each shall perform all of its obligations in respect of each Loan hereunder, and that a default in the performance of any such obligation

by Borrower or by Lender (the "Defaulting Party") in any Loan hereunder shall constitute a default by the Defaulting Party under all such Loans hereunder, and (b) the non-defaulting party shall be entitled to set off claims and apply property held by it in respect of any Loan hereunder against obligations owing to it in respect of any other Loan with the Defaulting Party.

XVII. Entire Agreement.

This Agreement, each exhibit referenced herein, and all Loan Term Sheets constitute the entire Agreement among the parties with respect to the subject matter hereof and supersedes any prior negotiations, understandings and agreements. Nothing in this Section XVII shall be construed to conflict with or negate Section XVI above.

XVIII. Successors and Assigns.

This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties; provided, that Borrower may not assign this Agreement or any rights or duties hereunder without the prior written consent of the other party (such consent to not be unreasonably withheld). Lender may assign this Agreement or any rights or duties hereunder upon notice to Borrower. Notwithstanding the foregoing, in the event of a change of control of Lender or Borrower, prior written consent shall not be required so such party provides the other party with written notice prior to the consummation of such change of control. For purposes of the foregoing, a "change of control" shall mean a transaction or series of related transactions in which a person or entity, or a group of affiliated (or otherwise related) persons or entities acquires from stockholders of the party shares representing more than fifty percent (50%) of the outstanding voting stock of such party.

XIX. Severability of Provisions.

Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

XX. Counterpart Execution.

This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by email or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by email or other electronic method of transmission also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

XXI. Relationship of Parties.

Nothing contained in this Agreement shall be deemed or construed by the parties, or by any third party, to create the relationship of partnership or joint venture between the parties hereto, it being

understood and agreed that no provision contained herein shall be deemed to create any relationship between the parties hereto other than the relationship of Borrower and Lender.

XXII. No Waiver.

The failure of or delay by Lender to enforce an obligation or exercise a right or remedy under any provision of this Agreement or to exercise any election in this Agreement shall not be construed as a waiver of such provision, and the waiver of a particular obligation in one circumstance will not prevent Lender from subsequently requiring compliance with the obligation or exercising the right or remedy in the future. No waiver or modification by either party of any provision of this Agreement shall be deemed to have been made unless expressed in writing and signed by both parties.

XXIII. Indemnification.

Borrower shall indemnify and hold harmless Lender from and against any and all claims, demands, losses, expenses and liabilities of any and every nature (including attorneys' fees of an attorney of Lender's choosing to defend against any such claims, demands, losses, expenses and liabilities) that Lender may sustain or incur or that may be asserted against Lender arising out of Lender's lending of Digital Currency to Borrower under this Agreement, except for any and all claims, demands, losses, expenses and liabilities arising out of or relating to Lender's bad faith, gross negligence or willful misconduct in the performance of its duties under this Agreement. This indemnity shall be a continuing obligation of Borrower, its successors and assigns, notwithstanding the termination of this Agreement.

XXIV. Term and Termination.

The Term of this Agreement shall commence on the date hereof for a period of one year, and shall automatically renew for successive one-year terms annually, unless either party provides notice of a desire to terminate the contract no less than ten (10) days prior to the end of such one-year period. The foregoing notwithstanding, this Agreement may be terminated as set forth in Section VIII or upon 30 days' notice by either party to the other.

In the event of a termination of this Agreement, any Loaned Assets shall be redelivered immediately and any fees owed shall be payable immediately.

XXV. Miscellaneous.

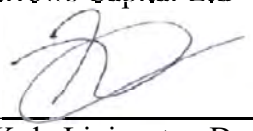
Whenever used herein, the singular number shall include the plural, the plural the singular, and the use of the masculine, feminine, or neuter gender shall include all genders where necessary and appropriate. This Agreement is solely for the benefit of the parties hereto and their respective successors and assigns, and no other Person shall have any right, benefit, priority or interest under, or because of the existence of, this Agreement. The section headings are for convenience only and shall not affect the interpretation or construction of this Agreement. The Parties acknowledge that the Agreement and any Lending Request are the result of negotiation

between the Parties which are represented by sophisticated counsel and therefore none of the Agreement's provisions will be construed against the drafter.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the date first above written.

BORROWER:

Three Arrows Capital Ltd



By: _____
Name: Kyle Livingston Davies
Title: Chairman

LENDER:

Blockchain Access UK Ltd.

Macrina Kgil (Jun 14, 2019)

By: _____
Name: Macrina Kgil
Title: Chief Financial Officer

EXHIBIT A

Authorized Agents. The following are authorized to deliver Lending Requests on behalf of Borrower in accordance with Section II hereof:

Name: Ningxin Zhang
Email: operations@threearrowscap.com

Name: Wilson Pau
Email: operations@threearrowscap.com

Borrower may change its Authorized Agents by notice given to Lender as provided herein.

EXHIBIT B

LOAN TERM SHEET

This loan agreement dated [DATE OF TERM SHEET] between Blockchain Access UK Ltd ("Lender") and [_____] ("Borrower") incorporates all of the terms of the Master Digital Currency Loan Agreement between Lender and Borrower on [DATE OF MASTER AGREEMENT] and the following specific terms:

Lender:	Blockchain Access UK Ltd
Borrower:	_____
Borrowed Asset Type:	_____
Amount of Borrowed Asset:	_____
Borrow Fee:	_____
Loan Type:	Fixed
Loan Term:	12 months
Collateral:	_____% of Loan Value
Margin Call Level:	_____% of Loan Value

USD Collateral Wiring Instructions:

Receiving Bank Routing Number: [redacted]
Receiving Bank Name: Silvergate Bank
Receiving Bank Address: 4250 Executive Square, Suite 300, La Jolla, CA 92037
Beneficiary Name: Blockchain Access UK Ltd.
Beneficiary Address: [_____]
Beneficiary Account Number: [_____]

[_____]	Blockchain Access UK Ltd
By: _____	By: _____
Name:	Name:
Title:	Title:

LOAN TERM SHEET

This loan agreement dated 14-June-2019 between Blockchain Access UK Ltd ("Lender") and Three Arrows Capital Limited ("Borrower") incorporates all of the terms of the Master Digital Currency Loan Agreement between Lender and Borrower on 14 June 2019 and the following specific terms:

Lender:	Blockchain Access UK Ltd
Borrower:	Three Arrows Capital Ltd
Loaned Asset Type:	BTC
Amount of Loaned Asset:	[redacted]
Loan Fee:	7%
Loan Type:	Fixed
Loan Term:	3 months
Collateral Level	30%
Collateral Type:	USD
Collateral Amount:	$300,000
Margin Call Level:	90%
Loan Effective Date:	14 June 2019
Loan Maturity Date:	16 September 2019

Loaned Asset Delivery BTC Address:
3BMXUSJ1mHxgPHSmTRXE7cHSRUyrxr9g1q

USD Collateral Wiring Instructions:

Receiving Bank Routing Number: [redacted]
Receiving Bank Name: Silvergate Bank
Receiving Bank Address: 4250 Executive Square, Suite 300, La Jolla, CA 92037
Beneficiary Name: Blockchain Access UK Ltd.
Beneficiary Address: 86-90 Paul St Fl 3, London, UK EC2A 4NE
Beneficiary Account Number: [redacted]

Three Arrows Capital Ltd

By: _____
Name: Kyle Livingston Davies
Title: Chairman

Blockchain Access UK Ltd

By: Macrina Kgil (Jun 14, 2019)
Name: Macrina Kgil
Title: CFO

TACL-Blockchain, Master Loan Agreement, 13-June-2019

Final Audit Report 2019-06-14

Created:	2019-06-14
By:	Reid Simon (reid@blockchain.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAArKGzq-CaxbyDIEWTecSS6aDYsYATgimC

"TACL-Blockchain, Master Loan Agreement, 13-June-2019" History

Document created by Reid Simon (reid@blockchain.com)
2019-06-14 - 2:56:51 AM GMT- IP address: 199.102.116.34

Document emailed to Macrina Kgil (macrina@blockchain.com) for signature
2019-06-14 - 2:58:08 AM GMT

Email viewed by Macrina Kgil (macrina@blockchain.com)
2019-06-14 - 2:58:14 AM GMT- IP address: 66.102.8.37

Document e-signed by Macrina Kgil (macrina@blockchain.com)
Signature Date: 2019-06-14 - 9:23:19 PM GMT - Time Source: server- IP address: 96.239.100.59

Signed document emailed to Reid Simon (reid@blockchain.com) and Macrina Kgil (macrina@blockchain.com)
2019-06-14 - 9:23:19 PM GMT

THREE ARROWS CAPITAL

AUM Letter **PRIVATE & CONFIDENTAL**

Three Arrows Capital Ltd. (the "Company")

13-May-2022

To Whom It May Concern,

We confirm the following for Three Arrows Capital Ltd as at 13-May-2022 in millions of USD.

NAV 2,387

On behalf of Three Arrows Capital Ltd:

Kyle Davies
Director

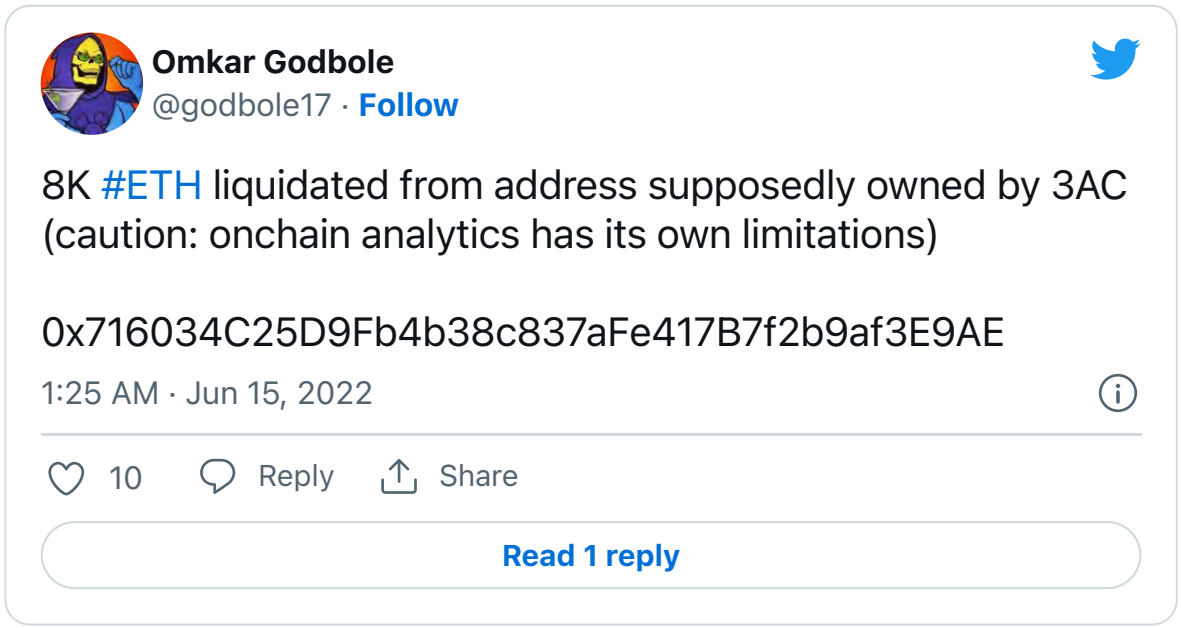
Three Arrows Capital reportedly facing insolvency, crypto bubble is bursting

June 15, 2022 12:09 GMT | By Ekta Mourya

- **Three Arrows Capital currently faces potential insolvency after being liquidated by its lenders.**
- **The firm has backed projects like Avalanche, Polkadot, and Ethereum with double-digit declines over the past month.**
- **Zhu assures the crypto community that Three Arrows Capital is committed to working it out.**

UPDATE: **Three Arrows Capital**, one of the biggest cryptocurrency hedge funds in the world, is triggering more risk-averse headlines on Wednesday, causing the entire cryptocurrency to keep falling with it. 3AC, founded by classmates Zhu Su and Kyle Davies, is trying to keep afloat after cryptocurrency website The Block reported it might face insolvency, citing close sources. Among the heavy losses from highly leveraged positions the hedge fund is incurring, one of the most notable and the initial cause of what seems to be a generational market wipeout were positions in **Terra's LUNA** – now turned into Luna Classic (LUNC) – which went from almost $600 million value to being almost currently worthless. Despite Zhu Su tweeting out that they are "fully committed to working this out", the heavy 3AC trouble is

one more step (after the Terraform Labs and Celsius Network fiascos) in the process of what looks like the explosion of a crypto bubble, which might give room for a new era of this still young financial ecosystem.



Three Arrows Capital, considered the world's most successful crypto hedge fund, was considered notorious for pushing the "supercycle" thesis and endorsing Avalanche, Solana, Polkadot, and Terra ahead of their rallies. Now, these assets have seen **double-digit losses** and Three Arrows seems in trouble. Proponents consider **co-founder Zhu Su's statement cryptic**.

Did Three Arrows Capital fail to meet a margin call?

This week **Three Arrows Capital**, a hedge fund established in 2012, started moving crypto assets to top-up funds on DeFi platforms like AAVE to avoid potential liquidations. With **Ethereum** price plummeting close to $1,000, nearly $81 million in long and short positions was liquidated across exchange platforms.

Such liquidations triggered by the **Ethereum price nosedive** could have stressed Three Arrows Capital and risked hundreds of millions in liquidations across multiple positions. The

crypto community started speculating about the venture capital firm being unable to meet a margin call. Three Arrows immediately moved around **cryptocurrencies** to top up their funds.

Colin Wu, a crypto reporter, revealed that Three Arrows Capital lost $31.37 million through trading on Bitfinex in May 2022. The address marked as 3AC has a collateral position of 211,999.12aWETH (worth $235 million) on AAVE V2 and a total debt of $183 million in stablecoins USDC and USDT. Wu argues that if the Ethereum price plummets to $1,014, the collateral positions will be liquidated. Therefore, 3AC is now paying off its debt.

The wallet address marked **3AC**:

- used USDT/USDC to repay the debt and withdraw Ethereum
- converted ETH to USDT/USDC through "sinofate.eth" and repaid it.

Within a **24-hour period, the address has sold about 50,000 Ether.**

Three Arrows Capital is aggressively paying off AAVE debt

Celsius, a leading crypto lender, shored up positions to mitigate the risk of liquidations and accounts for a significant proportion of the Total Value Locked (TVL) across various platforms in DeFi. Three Arrows Capital is a major borrower, and the collapse of lenders or borrowers in DeFi could have a significant impact on the ecosystem.

Does Three Arrows Capital face potential insolvency?

The Block reported that, according to well-placed sources, **Three Arrows Capital has funded options exchange Deribit, and financial services firm BlockFi,** among other bets in the crypto ecosystem. The hedge fund is now in the process of making itself whole with lenders and counterparties after facing liquidations at top-tier lenders in crypto.

Sources have refused to share the names of lending firms. However, Three Arrows Capital has taken a **$400 million hit in liquidation**. The sources reported by The Block maintained that the hedge fund maintained limited contact with counterparties since the liquidations.

Liquidation of multiple positions is one of several concerns the crypto hedge fund faces when projects like **Avalanche, Solana, and Polkadot**, backed by 3AC, are down 57%, 51.7% and 38.6%, respectively.

Interestingly, in the colossal crash of Terraform Labs' sister tokens, LUNC (previously **LUNA**) and TerraUSD (UST), 3AC sustained significant losses due to heavy investment in the token.

FatMan, a whistleblower from the Terra Community Forum, revealed that the hedge fund bought **10.9 million locked LUNC (previously LUNA) for $559.6 million, and the investment is now worth $670.45.**

3AC pushed the "supercycle" thesis for most of 2021

Throughout 2021, Three Arrows Capital was considered notorious for pushing the **"supercycle" thesis** and endorsing Ethereum-alternatives Solana, Avalanche, and Terra ahead of their parabolic price rallies.

Since then, LUNC (previously LUNA) bit the dust and lost nearly 100% of their value, and Solana and Avalanche both lost 50% of their price over the past year. Crypto Twitter noted that Zhu Su, the co-founder of 3AC, has now removed references to these Ethereum-alternative projects that he endorsed from his Twitter bio.

Zhu comes out with a statement, suspends rumors

Zhu broke his silence on the speculation around liquidation and said,

We are in the process of communicating with relevant parties and fully committed to working this out"

— Zhu Su (@zhusu) ***June 15, 2022***

Ryan Selkis, founder and CEO of Messari, argued that 3AC could have started to reposition its balance sheet after being on the

the wrong side of two synthetic trades- with size- in GBTC and stETH."

Selkis believes that with the **Ethereum merge coming up**, it is likely that 3AC could find underwriters to help the firm through any temporary insolvency.

1/ Rumors + speculation:

3AC was unfortunately on the wrong side of two synthetic trades - with size - in GBTC and stETH.

In other words, a temporary condition vs fundamentally bad bet which may be why they have a shot at fighting through an insolvency.
https://t.co/zkeRafrWIZ*"*

Analysts identified weekly top gainers

FXStreet analysts believe the **weekly top gainers** FLM, UNFI and LIT are hinting at a steep correction in their price. For more information, watch this video:

Information on these pages contains forward-looking statements that involve risks and uncertainties. Markets and instruments profiled on this page are for informational purposes only and should not in any way come across as a recommendation to buy or sell in these assets. You should do your own thorough research before making any investment

RELATED CONTENT

Loading ...

$559.6 Million Used By Three Arrows Capital (3AC) to Acquire Locked LUNA Now Worth $670

June 16, 2022

Many Terra (LUNA) investors, including the crypto hedge fund Three Arrows Capital, who were caught by the steep fall of the cryptocurrency in early May 2022 have bad stories to tell now.

After the historic crash of the LUNA token in May, efforts were made to get the Terra ecosystem back on track, which led to the creation of an entirely new blockchain codenamed Terra 2.0. This new blockchain gave birth to a new native token LUNA 2.0.

Read Also: ***Caught: "Mystery" Wallet with 20 Million LUNA Airdrop That Was Voting on Do's Own Proposal Belongs to Do Kwon***

Following the launch, the holders of the relatively valueless old LUNA (LUNC) were airdropped the new token LUNA 2.0, which started trading at around $30 on ByBit after launch. But it has since lost its value massively and trading at $2.46 at the time of writing, according to CoinMarketCap.

This indicates that nothing has changed yet for LUNA investors and it's not certain if things will get better for the Terra ecosystem anytime soon.

Three Arrows Capital's $559.6 Million Investment in Locked LUNA Now Worth $670

Obviously, the current bear market has reached everyone in the crypto industry at different levels. It's made the future of the crypto hedge fund Three Arrows Capital hang in the balance as the firm faces potential insolvency after being liquidated by its lenders.

According to reports, the investment firm is in the process of figuring out how to repay lenders and other counterparties after seeing liquidation totaling at least $400 million. And Three Arrow Capital co-founder Zhu Su's recent tweet has confirmed that the firm is indeed in distress.

Zhu Su tweeted, *"We are in the process of communicating with relevant parties and fully committed to working this out."*

Read Also: ***Do Kwon Refutes Cashing Out $2.7 Billion Worth of LUNA and UST Before the Crash, Shares His Side of the Story***

It's also in the news that the firm shared in the collapse of the Terra (LUNA) ecosystem.

As tweeted by FatMan, a member of the Terra Research forum, Three Arrows Capital (3AC) bought 10.9 million locked LUNA for $559.6 million. The bad news for the firm is that the whopping token is now worth around $670.

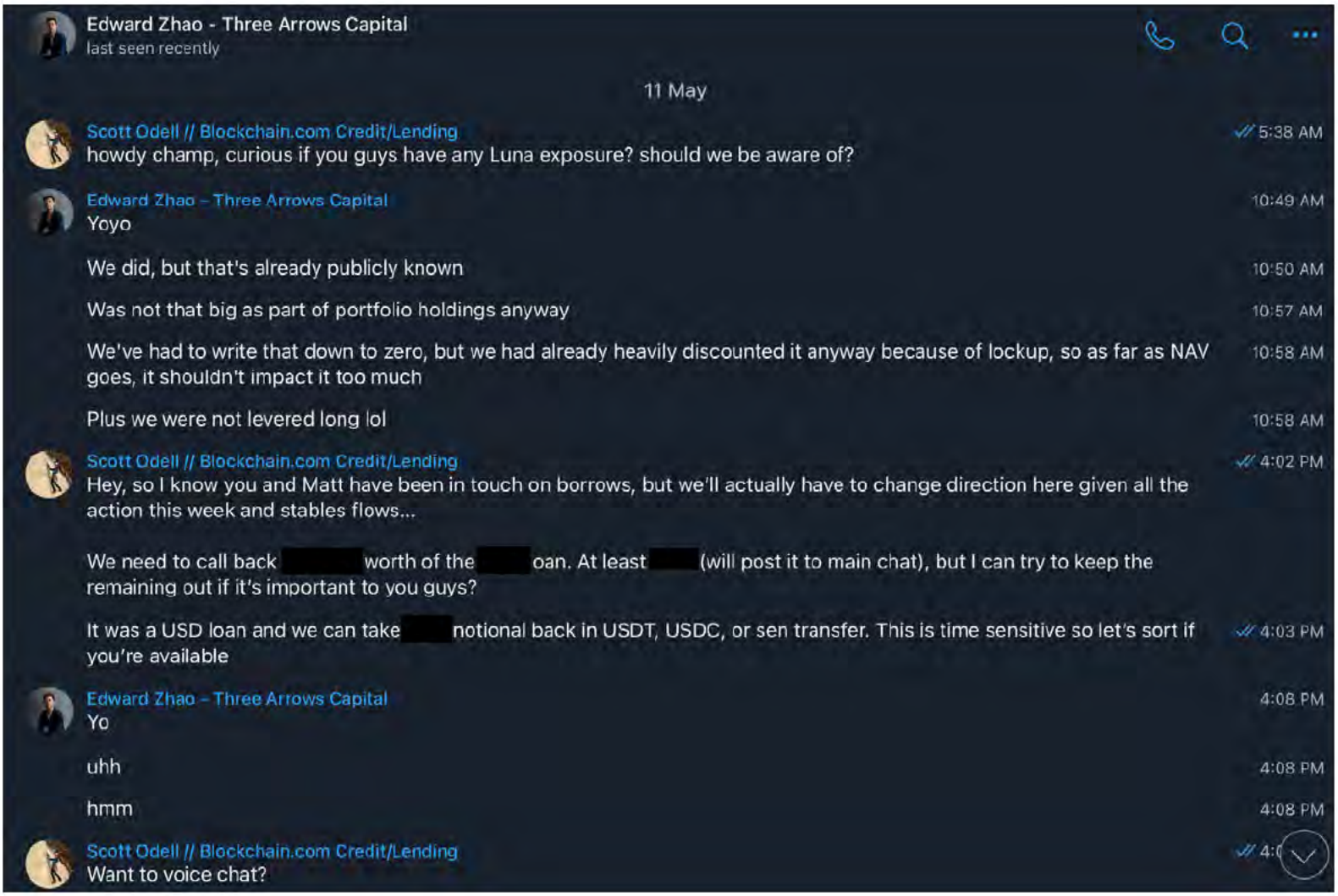
FatMan tweeted, *"If you're ever feeling down or angry at yourself about UST/LUNA, don't beat yourself up too much over it. It was highly sophisticated deception. A lot of brilliant minds fell for it.*

"For example, Three Arrows Capital bought 10.9M locked LUNA for $559.6m – it's now worth $670.45."

Tobi Loba

Tobi Loba is a passionate writer with over 3 million readers from all over the world. She graduated from a reputable university. She joined the crypto ecosystem about two years ago and has written lots of ebooks and articles in relation to cryptocurrency and blockchain projects.

Latest News & Articles


Edward Zhao - Three Arrows Capital
last seen recently
11 May
Scott Odell // Blockchain.com Credit/Lending
howdy champ, curious if you guys have any Luna exposure? should we be aware of?
5:38 AM
Edward Zhao – Three Arrows Capital
Yoyo
10:49 AM
We did, but that's already publicly known
10:50 AM
Was not that big as part of portfolio holdings anyway
10:57 AM
We've had to write that down to zero, but we had already heavily discounted it anyway because of lockup, so as far as NAV goes, it shouldn't impact it too much
10:58 AM
Plus we were not levered long lol
10:58 AM
Scott Odell // Blockchain.com Credit/Lending
Hey, so I know you and Matt have been in touch on borrows, but we'll actually have to change direction here given all the action this week and stables flows...
4:02 PM
We need to call back [redacted] worth of the [redacted] oan. At least [redacted] (will post it to main chat), but I can try to keep the remaining out if it's important to you guys?
It was a USD loan and we can take [redacted] notional back in USDT, USDC, or sen transfer. This is time sensitive so let's sort if you're available
4:03 PM
Edward Zhao – Three Arrows Capital
Yo
4:08 PM
uhh
4:08 PM
hmm
4:08 PM
Scott Odell // Blockchain.com Credit/Lending
Want to voice chat?

Crypto crash: Stablecoin collapse sends tokens tumbling

12 May 2022

NurPhoto

Cryptocurrency markets are being rocked after a popular token lost 99% of its value along with a so-called "stablecoin".

The Terra Luna token fell from a high of $118 (£96), last month, to $0.09 on Thursday.

The collapse was linked to, and made worse by, the fall of its sister token, TerraUSD, which is normally stable.

Spooked investors are now pulling out of major cryptocurrencies with values plummeting.

The companies behind stablecoins try to ensure they remain in parity with assets such as the US dollar - with one token equalling $1, for example.

But on Thursday TerraUSD fell to $0.4 according to the trading website Coin Market Cap.

Tether, the most popular stablecoin, also fell off its US dollar peg - to an all-time low of $0.95.

'The panics'

The term "cryptocrash" has been trending on Twitter and Google Search.

And the combined market value of all crypto-currencies is now reportedly $1.12trillion, about a third of its November value, with more than 35% of that loss coming this week.

One Bitcoin is now worth about $27,000, its lowest value since December 2020 and down from a high of nearly $70,000 late last year.

Ethereum, the second largest coin by value, has lost 20% of its value in 24 hours.

"The collapse of TerraUSD has started what we used to call 'the panics', when major financial institutions sold off large chunks of assets and everyone else tried to take their money out as quickly as they could," economist Frances Coppola said.

"Panic is exactly what's going on here."

Bitcoin value drops by 50% since November peak
Gucci stores to accept cryptocurrencies in US

On Friday Terraform Labs, the company behind TerraUSD and Terra Luna took the unprecedented and controversial step of halting trading

on it's blockchain.

The company tweeted that the move was necessary to allow it "come up with a plan to reconstitute it".

Previously, Do Kwon, the founder of Terraform Labs, posted on Twitter: "I understand the last 72 hours have been extremely tough on all of you - know that I am resolved to work with every one of you to weather this crisis and we will build our way out of this."

A plan to shore up Terra Luna by creating more tokens was outlined - but having lost large sums, many Twitter users are asking the company to help.

Meanwhile, the company's Discord server, a platform where investors congregate to talk through issues, posted a notice saying it had been "locked down so new people can't come in and spread fear, uncertainty, doubt and misinformation".

Are crypto-currencies the future of money?

At Tether, the chief technology officer took to Twitter to reassure holders of his token the company had enough cash reserves to pay anyone who wanted to sell.

Paolo Ardoino tweeted: "[A] reminder that Tether is honouring [Tether] redemptions at $1 - 300 million redeemed in [the] last 24 hours, without a sweat drop."

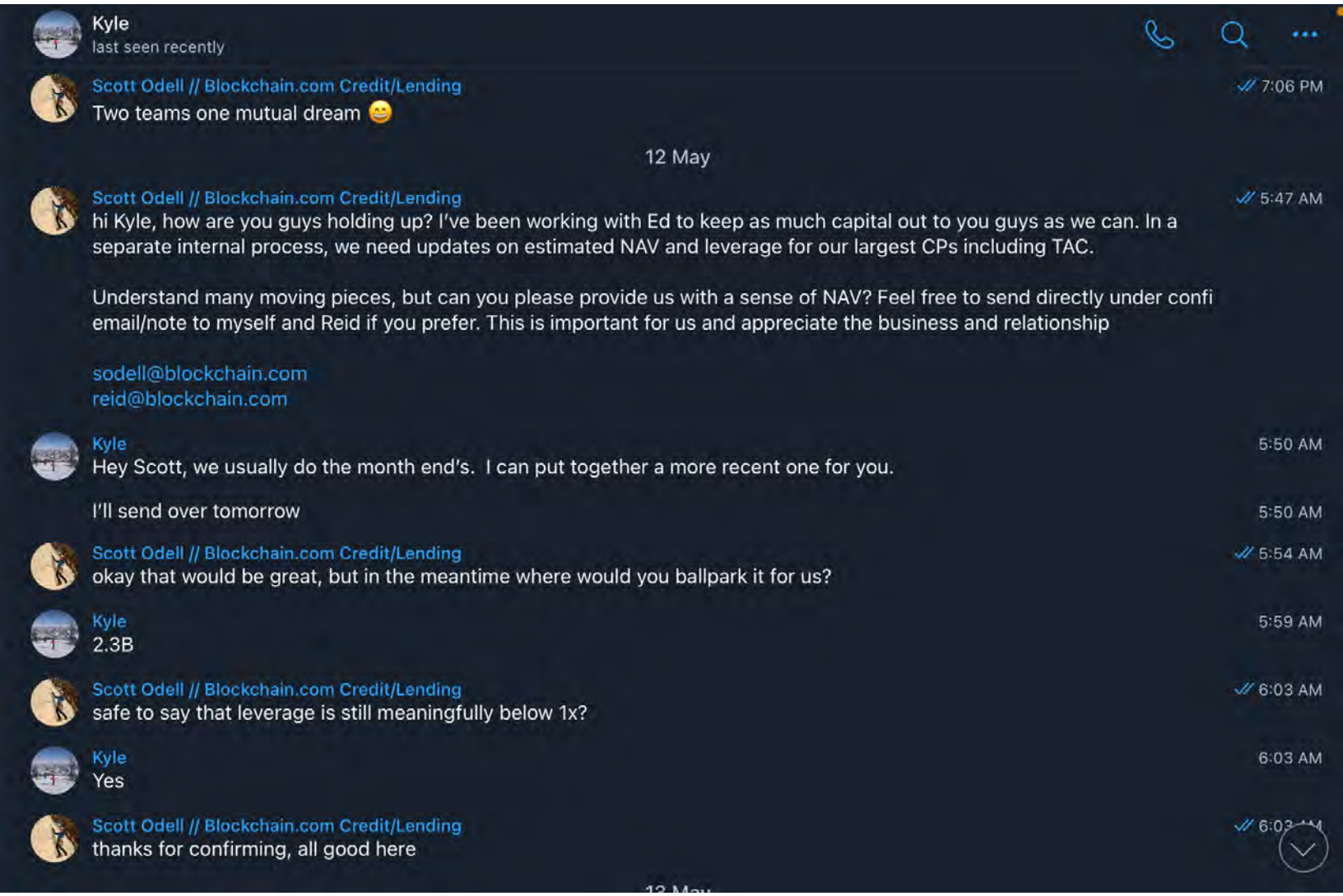
Robust regulation

Lawmakers and officials in a number of countries have called for stablecoins to be regulated.

US Treasury Secretary Janet Yellen cited the TerraUSD collapse, in a Senate committee meeting on Tuesday, to ask again for robust regulation.

"It simply illustrates that this is a rapidly growing product and that there are risks to financial stability and we need a framework that's appropriate," she said.

A UK Treasury report last month also laid out plans to regulate stablecoins, which it predicted would become a ""widespread means of payment".


Kyle
last seen recently
Scott Odell // Blockchain.com Credit/Lending
7:06 PM
Two teams one mutual dream 😄
12 May
Scott Odell // Blockchain.com Credit/Lending
5:47 AM
hi Kyle, how are you guys holding up? I've been working with Ed to keep as much capital out to you guys as we can. In a separate internal process, we need updates on estimated NAV and leverage for our largest CPs including TAC.
Understand many moving pieces, but can you please provide us with a sense of NAV? Feel free to send directly under confi email/note to myself and Reid if you prefer. This is important for us and appreciate the business and relationship
sodell@blockchain.com
reid@blockchain.com
Kyle
5:50 AM
Hey Scott, we usually do the month end's. I can put together a more recent one for you.
I'll send over tomorrow
5:50 AM
Scott Odell // Blockchain.com Credit/Lending
5:54 AM
okay that would be great, but in the meantime where would you ballpark it for us?
Kyle
5:59 AM
2.3B
Scott Odell // Blockchain.com Credit/Lending
6:03 AM
safe to say that leverage is still meaningfully below 1x?
Kyle
6:03 AM
Yes
Scott Odell // Blockchain.com Credit/Lending
thanks for confirming, all good here

BlockFi Took Part in Liquidating Three Arrows: Report [198]

Jun. 16, 2022

Key Takeaways

- On Tuesday, reports emerged that Three Arrows Capital suffered $400 million in liquidations from lending firms.
- Today, the Financial Times reported that BlockFi was one company that was involved in those liquidations.
- BlockFi has confirmed that it was involved in a large liquidation but did not explicitly confirm a connection to 3AC.

BlockFi was one of several companies involved in the liquidation of Three Arrows Capital (3AC) according to the *Financial Times*.

On Tuesday, June 15, reports began to circulate suggesting that Three Arrows Capital was experiencing liquidity issues.

Sources suggested that 3AC's lenders liquidated $400 million from the company. However, it was unclear which companies were involved in liquidation at the time of those reports.

Now, the *Financial Times* reports that the crypto lending company BlockFi is one firm that was involved in the situation.

BlockFi "was among the groups that liquidated at least some of 3AC's positions," the Times said on Thursday. More specifically, BlockFi reduced its exposure to 3AC's positions, using collateral it had previously put down to back its own borrowing activities.

Yuri Mushkin, BlockFi's chief risk officer, told the *Financial Times* that his firm exercised its "best business judgment... with a large client that failed to meet its obligations." He also said that BlockFi was "one of the first to take action with this counterparty."

Mushkin added that BlockFi held collateral in excess of the size of the loan. He then assured the public that BlockFi's risk management policies will allow it to continue functioning during a difficult market.

BlockFi CEO Zac Prince reiterated Mushkin's statements on Twitter, adding that the client "failed to meet its obligations on an overcollateralized margin loan." Prince said that BlockFi "fully accelerated the loan and fully liquidated or hedged" the collateral.

BlockFi has not explicitly confirmed that the company under discussion

is Three Arrows Capital. Rather, it says that its “policy is to not comment on specific counterparties.” However, the circumstances strongly imply that 3AC is the firm in question.

Three Arrows Commits to Recovery

Despite speculation that Three Arrows Capital is at risk of insolvency following mass liquidations, the company says it will stay afloat.

Company co-founder Su Zhu published a Twitter statement on Wednesday. There, he said that 3AC is “communicating with relevant parties and fully committed to working this out.”

3AC is one of the largest investment firms in the crypto industry. It has made investments in blockchain projects including Bitcoin and Ethereum and has invested in DeFi platforms such as Aave and Balancer. It has even invested in the NFT game Axie Infinity.

With so many partners, is still unclear which other firms were involved in 3AC’s liquidation. No other companies have confirmed involvement in 3AC’s liquidation as of Thursday, June 16.

Tether, though, has denied claims of exposure to 3AC alongside its denial that it is backed with Asian assets.

Disclosure: At the time of writing, the author of this piece owned BTC, ETH, and other cryptocurrencies.

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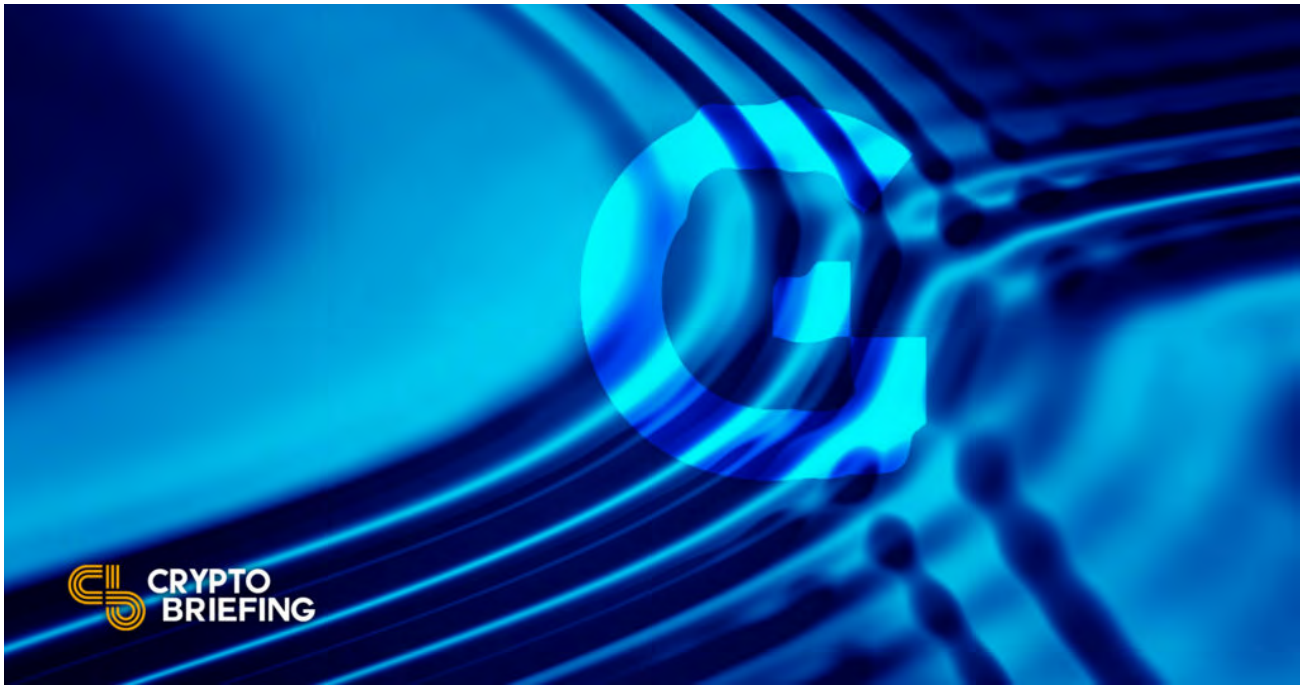
Genesis Trading Confirms “Large Counterparty” Liquidation Amid 3AC Crisis

Jun. 17, 2022



Key Takeaways

- Genesis Trading CEO Michael Moro has confirmed that the firm liquidated "a large counterparty" this week.
- Though he didn't name the counterparty, he was likely referring to the troubled crypto hedge fund Three Arrows Capital.
- It emerged this week that Three Arrows is facing major liquidity issues due to the decline in the crypto market.

The update comes as the celebrated crypto hedge fund Three Arrows Capital faces its biggest liquidity crisis to date.

Genesis Trading Says It Liquidated Counterparty

Genesis Trading has confirmed that it liquidated “a large counterparty” this week, in what was surely a reference to the ongoing crisis surrounding the crypto-focused hedge fund Three Arrows Capital.

The institutional trading firm’s CEO Michael Moro posted a tweet storm Friday, saying that Genesis prioritizes risk management and aims to provide transparency during heated market conditions. “Genesis can confirm that we carefully and thoughtfully mitigated our losses with a large counterparty who failed to meet a margin call to us earlier this week,” he wrote. “No client funds are impacted. We sold and/or hedged all of the liquid collateral on hand to minimize any downside.”

Moro added that the firm would always “actively pursue recovery on

any potential residual loss through all means available" and continues to fulfil all client requests. "Genesis will be around for the long term and we are committed to driving this industry forward," he assured.

Though Moro did not explicitly mention the counterparty affected by the margin call, he was more than likely referring to Three Arrows, the troubled trading firm co-run by Su Zhu and Kyle Davies. Rumors that Three Arrows was facing a liquidity crisis surfaced on Crypto Twitter earlier this week and Zhu has since stated that the firm is "fully committed to working this out" without detailing the scale of the damage. BlockFi and other firms have since confirmed that they liquidated some of the firm's collateral as they failed to meet margin calls, according to multiple news reports.

The Wall Street Journal interviewed Zhu and Davies for a report published today in which the pair confirmed that they had hired legal and financial specialists to navigate the crisis. Davies said that the firm was mulling an asset sale or bailout from another big player in the space.

The Three Arrows saga comes in the midst of a dark period in the crypto market. Major events of the ongoing bear cycle include Terra's collapse in May, which impacted Three Arrows as it invested $200 million in LUNA. Celsius also paused customer withdrawals this week as Bitcoin and other assets tumbled (the firm uses customers' funds as collateral, which means it can face liquidity issues when prices plummet). Bitcoin broke below $21,000 this week, bringing the global crypto market cap under $1 trillion for the first time since January 2021. It's now at $930 million, just under 70% down from its November 2021 peak.

Disclosure: At the time of writing, the author of this piece owned ETH and several other cryptocurrencies.

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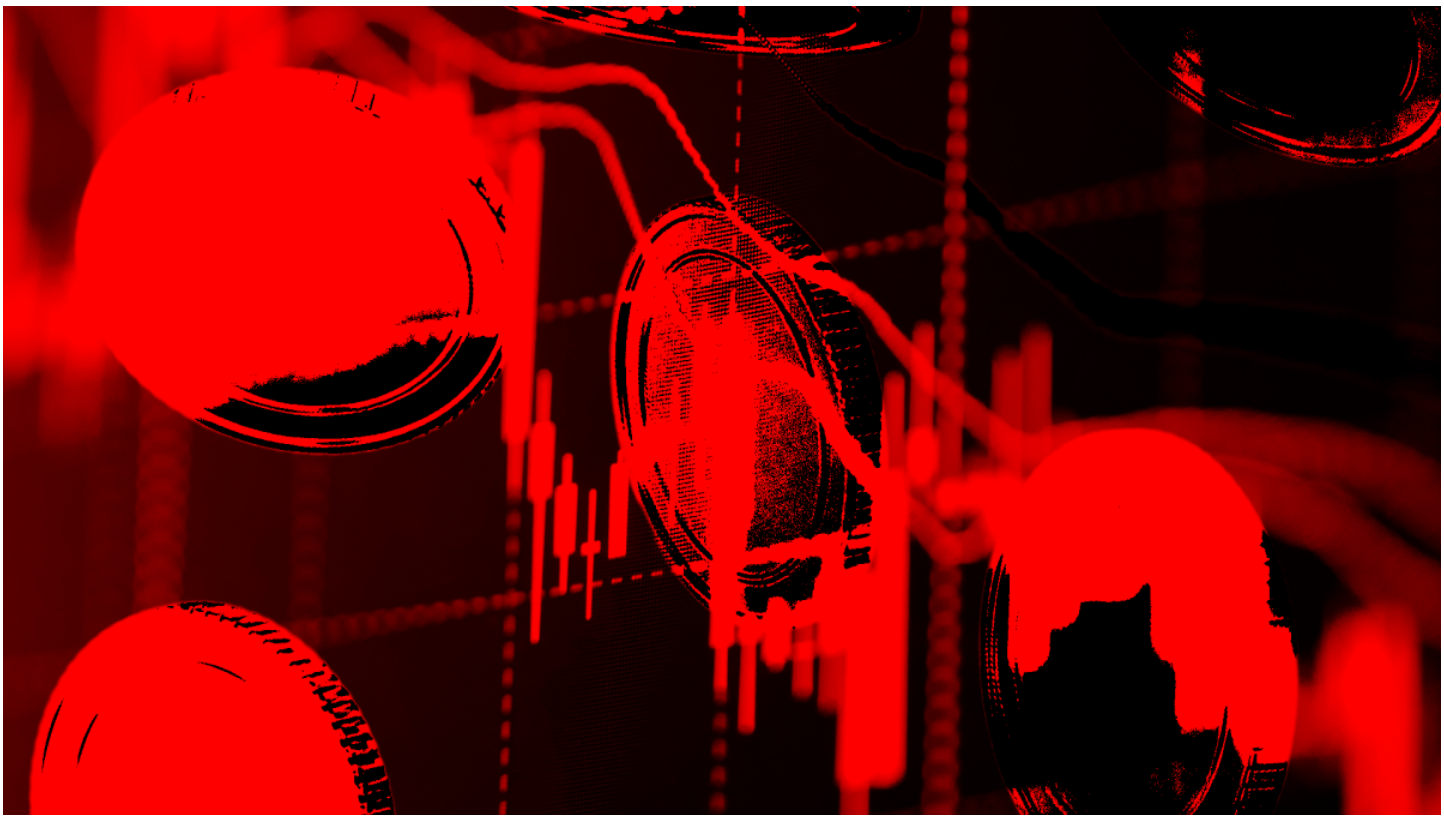
INVESTMENTS • JUNE 17, 2022, 6:50AM EDT

Three Arrows Capital positions liquidated by FTX, Deribit and BitMEX

by Yogita Khatri



The Block

QUICK TAKE

- FTX, Deribit and BitMEX have liquidated Three Arrows Capital's positions, sources tell The Block.
- Three Arrows owes BitMEX around $6 million, said one of the sources.

Crypto exchanges FTX, Deribit and BitMEX have liquidated Three Arrows Capital's positions over the past week after the crypto hedge fund known as 3AC failed to meet margin calls, three people familiar with the matter told The Block.

As a result, Singapore-based 3AC owes about $6 million to BitMEX, said one of the people. Another source described the impact on FTX as "tiny" and said Deribit, which counts 3AC among its investors, had only taken a "small" hit.

Founded in 2012 by former classmates Su Zhu and Kyle Davies, 3AC had grown into one of the largest and best known crypto hedge funds. But last month's collapse of the Terra ecosystem resulted in a significant hit for 3AC as its investment in Terra's native luna token sank to almost zero.

Terra's fallout and the ensuing crypto market turbulence have left 3AC reeling. The hedge fund has also failed to meet margin calls — when an exchange seeks fresh capital to back a leveraged bet that's turning sour — on crypto lender BlockFi, the Financial Times reported Thursday.

A BitMEX spokesperson confirmed to The Block that the exchange has liquidated 3AC's positions. They declined to comment on the owed amount but said BitMEX's legal department is in touch with 3AC on the next steps.

"This was collateralised debt and did not involve any client funds," the spokesperson added. "We are not going to be like other brands and wax poetic about our limited exposure and strong capital position — instead, we will demonstrate it by providing our users a reliable and liquid trading venue every day, no matter the situation."

Deribit's CEO John Jansen declined to comment specifically to The Block when reached but said, "we can confirm that Three Arrows Capital is a shareholder of our parent company since February 2020. Due to market developments Deribit has a small number of accounts that have a net debt to us that we consider as potentially distressed. Even in the event that none of this debt is repaid to us, we will remain financially healthy and operations will not be impacted."

An FTX spokesperson said the exchange does not comment on individual customers or accounts "unless required by law."

A spokesperson for Bitfinex, another exchange where 3AC traded, said the fund had closed its positions at a loss without having to be liquidated. 3AC has withdrawn all its funds from the Bitfinex platform and Bitfinex hasn't incurred any losses.

The Block has reached out to 3AC for comment and will update this story should we hear back.

Neither 3AC nor its founders Zhu and Davies are yet to issue a public statement on their situation. Several people told The Block that they'd tried to reach them in recent days, without success.

Zhu tweeted earlier this week that "we are in the process of communicating with relevant parties and fully committed to working this out."

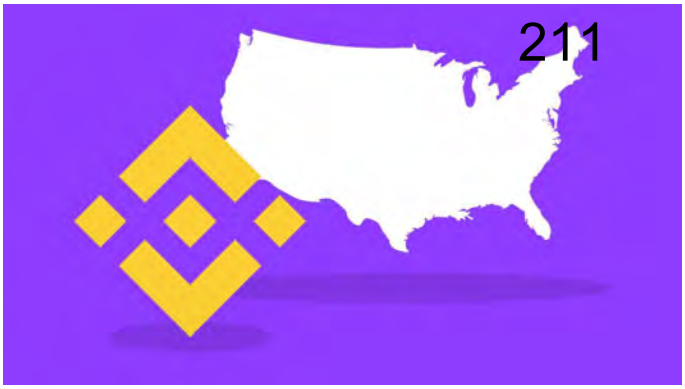
With contributions from Frank Chaparro.

ABOUT AUTHOR

Yogita is a senior reporter at The Block and covers all things crypto. Before joining The Block, Yogita worked for CoinDesk and The Economic Times. She can be reached at ykhatri@theblockcrypto.com. Follow her on Twitter @Yogita_Khatri5

Singapore regulator will be 'brutal' on bad behavior in crypto, FT reports

REGULATION



Binance.US cuts bitcoin trading fees to zero for select pairs

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Blockchain.com

June 14, 2022

VIA E-MAIL

Three Arrows Capital Ltd.
operations@threearrowscap.com

Re: Notice of Demand

Dear Sirs,

This notice of demand is issued in connection with, and pursuant to, the Master Loan Agreement dated June 13, 2019 (the "**MLA**") by and between Three Arrows Capital Ltd. ("**Borrower**") and Blockchain Access UK Ltd ("**Lender**). Unless otherwise indicated, all capitalized terms used herein shall have the meanings ascribed thereto in the MLA and all section references are to Sections in the MLA.

Pursuant to Section II(c)(ii), we hereby demand repayment of the entirety of the Loan Balance for all Loans. Borrower has until 5pm New York time on June 16, 2022 to deliver the Recall Amount for all Loans.

If Borrower fails to deliver the Recall Amount for all Loans in full by Close of Business on the Recall Delivery Day, an Event of Default will have occurred pursuant to Section VIII(a).

If Borrower fails to deliver the Recall Amount for all Loans in full by Close of Business on that date which is five (5) business days after the Recall Delivery Day, we hereby notify you that we will exercise all of our rights under the MLA, at law and in equity or otherwise.

Nothing in this notice should be construed as an acknowledgement or agreement from Lender that there are no other Events of Default existing. Borrower is hereby notified that Lender has not waived any other Event of Default existing on the date hereof and expressly reserve any and all rights, powers, privileges and remedies of Lender now or at any time authorized or permitted with respect to the MLA or any of the other Loan Documents or available at law or in equity or otherwise.

This letter does not waive, limit or postpone any of the obligations of Borrower under the Loan Documents.

Section XIII is hereby incorporated herein by reference, *mutatis mutandis*.

Sincerely yours,
BLOCKCHAIN ACCESS UK LIMITED

By: DocuSigned by: Macrina Kgil 77466A7FB740405...

Name: Macrina Kgil
Title: Chief Financial Officer

June 16, 2022

VIA E-MAIL

Three Arrows Capital Ltd.
operations@threearrowscap.com

Re: Notice of Event of Default

Dear Sirs,

This notice is issued in connection with, and pursuant to, the Master Loan Agreement dated June 13, 2019 (the "**MLA**") by and between Three Arrows Capital Ltd. ("**Borrower**") and Blockchain Access UK Ltd ("**Lender**). Unless otherwise indicated, all capitalized terms used herein shall have the meanings ascribed thereto in the MLA and all section references are to Sections in the MLA.

We refer to the notice of demand we issued to Borrower dated June 14, 2022 in which we demanded repayment of the entirety of the Loan Balance for all Loans. Pursuant to that notice, Borrower was required to deliver the Recall Amount for all Loans by 5pm New York time today. Borrower failed to do so and accordingly an Event of Default has occurred pursuant to Section VIII(a).

If Borrower fails to deliver the Recall Amount for all Loans in full by 5pm New York time on June 24, 2022, we hereby notify you that we will exercise all of our rights under the MLA, at law and in equity or otherwise.

Nothing in this notice should be construed as an acknowledgement or agreement from Lender that there are no other Events of Default existing. Borrower is hereby notified that Lender has not waived any other Event of Default existing on the date hereof and expressly reserve any and all rights, powers, privileges and remedies of Lender now or at any time authorized or permitted with respect to the MLA or any of the other Loan Documents or available at law or in equity or otherwise.

This letter does not waive, limit or postpone any of the obligations of Borrower under the Loan Documents.

Section XIII is hereby incorporated herein by reference, *mutatis mutandis*.

Sincerely yours,
BLOCKCHAIN ACCESS UK LIMITED

DocuSigned by:
By: Blockchain.com | Macrina Kgil
77466A7EB740405...
Name: Macrina Kgil
Title: Chief Financial Officer

Blockchain.com

June 24, 2022

VIA E-MAIL

Three Arrows Capital Ltd.
operations@threearrowscap.com

Re: Notice of Exercise of Certain Remedies

Dear Sirs,

This notice is issued in connection with, and pursuant to, the Master Loan Agreement dated June 13, 2019 (the "**MLA**") by and between Three Arrows Capital Ltd. ("**Borrower**") and Blockchain Access UK Ltd ("**Lender**). Unless otherwise indicated, all capitalized terms used herein shall have the meanings ascribed thereto in the MLA and all section references are to Sections in the MLA.

We refer to the notice of demand we issued to Borrower dated June 14, 2022 and to the notice of event of default we issued to Borrower dated June 16, 2022.

As at the date of this notice, various Events of Default are continuing, including, without limitation, pursuant to Section VIII, paragraphs (a), (g) and (i). In addition, Borrower failed to deliver the Recall Amount for all Loans in full by 5pm New York time on June 24, 2022.

We hereby notify you pursuant to Section IX that Lender has declared the entire Loan Balance outstanding for all Loans immediately due and payable, and confirm that the MLA, the other Loan Documents and all Loans are terminated.

Nothing in this notice should be construed as an acknowledgement or agreement from Lender that there are no other Events of Default existing. Borrower is hereby notified that Lender has not waived any other Event of Default existing on the date hereof and expressly reserve any and all rights, powers, privileges and remedies of Lender now or at any time authorized or permitted with respect to the MLA or any of the other Loan Documents or available at law or in equity or otherwise.

This letter does not waive, limit or postpone any of the obligations of Borrower under the Loan Documents.

Section XIII is hereby incorporated herein by reference, *mutatis mutandis*.

Sincerely yours,
BLOCKCHAIN ACCESS UK LIMITED

By: DocuSigned by: Macrina Kgil 77466A7FB740405...
Name: Macrina Kgil
Title: Chief Financial Officer

Cryptocurrencies

Crypto hedge fund Three Arrows fails to meet lender margin calls

215

BlockFi was among a clutch of firms that liquidated the Singapore-based group's positions

Kadhim Shubber and **Joshua Oliver** in London JUNE 16 2022

Three Arrows Capital failed to meet demands from lenders to stump up extra funds after its digital currency bets turned sour, tipping the prominent crypto hedge fund into a crisis that comes as a credit crunch grips the industry.

The group's failure to meet margin calls this past weekend makes Three Arrows the latest victim of an acute fall in the prices of many tokens such as bitcoin and ether that is rippling across the market. Singapore-based Three Arrows is among the biggest and most active players in the crypto industry with investments across lending and trading platforms.

Three Arrows, which made a “strategic” investment in BlockFi in 2020 that it exited the following year, had borrowed bitcoin from the lender, the people said, but had been unable to meet a margin call. One of the people said the liquidation had occurred by mutual consent.

“We are in the process of communicating with relevant parties and fully committed to working this out,” said Su Zhu, Three Arrows co-founder, on Twitter on Wednesday, without specifically identifying any counterparty. The company did not respond to a request for comment.

Yuri Mushkin, BlockFi’s chief risk officer, said the group “can confirm that we exercised our best business judgment recently with a large client that failed to meet its obligations . . . We believe we were one of the first to take action with this counterparty.”

He added that BlockFi had held collateral in excess of the size of the loan.

“BlockFi’s prudent and proactive risk management is for the benefit of our broader client base and allows us to remain open for business during times of market stress,” Mushkin said.

Michael Moro, Genesis chief executive, tweeted on Friday that the company had “mitigated our losses with a large counterparty who failed to meet a margin call to us earlier this week.” Genesis declined to comment further.

The troubles at Three Arrows ricocheted to Finblox, a platform that offers traders 90 per cent annualised yields to lend out their crypto. Finblox, which is backed by venture capitalist firm Sequoia Capital and received an investment from Three Arrows, reduced its withdrawal limits by two-thirds late on Thursday London time, citing the situation at the hedge fund.

Three Arrows, run by Zhu and his co-founder Kyle Davies, is known for its bullish

said David Siemer, chief executive of Wave Financial, a digital asset manager. He added that major crypto firms across the space likely had exposure to Three Arrows: "They worked with everybody."

Three Arrows was mainly, if not exclusively, managing Zhu's and Davies' own capital, according to industry sources. One person who has spoken with the managers in recent months said they were told the fund's total value was $4bn. Blockchain analytics firm Nansen has previously estimated the fund's assets at $10bn.

Another person, who works at a crypto trading firm, said they had been unable to reach Three Arrows in recent days. "They're not responding to anyone," they said.

Among Three Arrows's big bets was luna, the sister token to the algorithmic stablecoin terra. Both imploded in May, going to zero, a market- shattering event that turned what had been months of steady declines in crypto prices into a more dramatic rout.

The fund had holdings in a variety of crypto ventures whose tokens have performed badly in recent months, including Avalanche, Solana and the game Axie Infinity, all of which are down around 90 per cent since their November peaks.

Three Arrows was also the biggest investor in units of the Grayscale bitcoin trust, GBTC, according to FactSet data. GBTC currently trades at a 30 per cent discount to the price of bitcoin as the US Securities and Exchange Commission has thus far declined to approve it as an exchange traded fund that would be open to retail investors.

Until early 2021, GBTC had traded at a premium to the price of bitcoin. That offered an arbitrage opportunity for funds such as Three Arrows, which could borrow bitcoin, deposit it with Grayscale in return for GBTC units, which could then be sold at a profit on the open market. Grayscale does not allow redemptions of GBTC for the underlying bitcoin.

A major crypto hedge fund is wobbling as $10 billion Three Arrows Capital sees a spate of liquidations

June 16, 2022 2:20 PM PDT

Sign up for the *Fortune Features* email list so you don't miss our biggest features, exclusive interviews, and investigations.

As the crypto winter intensified in early June, Galaxy Digital CEO Mike Novogratz said he thinks two-thirds of crypto hedge funds will go out of business. His prediction took days to start bearing out.

After $400 million in liquidations, a major hedge fund in the space, Singapore-based Three Arrows Capital, or 3AC, is reportedly facing insolvency, and many dominos look likely to fall next.

3AC's lenders continue to come forward as the fund, which managed $10 billion in assets in March, according to blockchain analytics firm Nansen, fails to meet margin calls and liquidates its cryptocurrency holdings, adding more downward pressure on the beleaguered market.

There were “some major shifts in [3AC’s] positions” early in the week, Andrew Thurman, content lead and analyst at leading blockchain data firm Nansen, told *Fortune* on Tuesday. “I don't want to comment on what that might mean for their health, but it's clear that they're reshuffling major portions of their holdings.”

As rumors began to swirl of possible insolvency, 3AC cofounder Su Zhu was initially silent, then seemed to acknowledge the turbulence

on Tuesday, tweeting, “We are in the process of communicating with relevant parties and fully committed to working this out.”

Cryptocurrency lender BlockFi is among the most recent to liquidate some of 3AC’s positions, according to the Financial Times. BlockFi CEO Zac Prince confirmed its exit in a Thursday tweet: “BlockFi can confirm that we exercised our best business judgment recently with a large client that failed to meet its obligations on an overcollateralized margin loan. We fully accelerated the loan and fully liquidated or hedged all the associated collateral.”

Since then, others with exposure to 3AC have come forward. Finblox, a platform offering users up to 90% yield to deposit their cryptocurrency, reduced its withdrawal limits by two-thirds and cited its relationship with 3AC.

On Twitter, Deribit, a cryptocurrency derivatives exchange, claimed on Thursday that 3AC is a shareholder of its parent company, adding that Deribit has “a small number of accounts that have a net debt to us

that we consider as potentially distressed."

Deribit also tweeted, "Even in the event that none of this debt is repaid to us, we will remain financially healthy and operations will not be impacted. We can confirm all customer funds are safe and the full insurance fund will remain intact as is."

Danny Yuan, chief executive officer of cryptocurrency trading firm 8 Blocks Capital, also claimed to have been impacted by 3AC. "We trade in one of 3AC's trading accounts. This morning they took about [$1 million] out of our accounts. I hope you pay us back asap," he tweeted on Tuesday.

Since the Terra ecosystem collapsed, with failed algorithmic stablecoin TerraUSD (UST) and cryptocurrency Luna (LUNC) becoming nearly worthless, there has been a ripple effect throughout the space. One of the cryptocurrency market's biggest lending platforms, Celsius Network, paused its withdrawals on Sunday, sparking rumors of bankruptcy. Reports concerning the state of 3AC followed soon after, pushing further fears of contagion and systemic risk.

3AC reportedly owned LUNC alongside other cryptocurrencies, and it was a hefty investor in the Grayscale Bitcoin Trust, or GBTC, the largest Bitcoin fund. According to a January 2021 SEC filing, 3AC owned almost 39 million units of GBTC at the end of 2020.

"A lot of people have reached out about what they know—many of whom have direct relationships with 3AC as well. What we learned is that they were leveraged long everywhere and were getting margin-

called," Yuan wrote on Twitter. "Instead of answering the margin calls, they ghosted everyone. The platforms had no choice but to liquidate their positions, causing the markets to further dump."

3AC did not immediately respond to *Fortune*'s request for comment.

https://www.wsj.com/articles/battered-crypto-hedge-fund-three-arrows-capital-considers-asset-sales-bailout-11655469932

◆ WSJ NEWS EXCLUSIVEMARKETS

Crypto Hedge Fund Three Arrows Capital Considers Asset Sales, Bailout

Firm's founders say they still believe in the future of cryptocurrencies

By Serena Ng

June 17, 2022 8:45 am ET

Cryptocurrency-focused hedge fund Three Arrows Capital Ltd. has hired legal and financial advisers to help work out a solution for its investors and lenders, after suffering heavy losses from a broad market selloff in digital assets, the firm's founders said on Friday.

"We have always been believers in crypto and we still are," Kyle Davies, Three Arrows's co-founder, said in an interview. "We are committed to working things out and finding an equitable solution for all our constituents."

The nearly decade-old hedge fund, which was started by former schoolmates and Wall Street currency traders Su Zhu and Mr. Davies, had roughly $3 billion in assets under management in April this year.

That was shortly before a sudden collapse in the values of TerraUSD, a so-called algorithmic stablecoin, and its sister token, Luna, in mid-May.

Three Arrows is exploring options including asset sales and a rescue by another firm, Mr. Davies said. The fund is hoping to reach an agreement with creditors that would give it more time to work out a plan. The firm is still operating as it seeks a solution.

Price of Luna Classic*

Note: "The original cryptocurrency previously called Luna. A new Luna token was issued last month after the collapse of TerraUSD and Luna Classic
Source: CoinDesk

Three Arrows was among a group of large investors that took part in a $1 billion token sale earlier this year by Luna Foundation Guard, a nonprofit organization started by South Korean developer Do Kwon, the creator of TerraUSD. The funds went toward a bitcoin-denominated reserve for the stablecoin, and were meant to help maintain TerraUSD's value at $1 per coin.

Mr. Davies said Three Arrows invested about $200 million in Luna as part of that deal, a sum that was effectively wiped out when TerraUSD and Luna both became worthless in a matter of days.

The two cryptocurrencies were previously among the 10 largest digital coins before they lost a total of $60 billion in market capitalization last month, he added. Before the collapse, a few people in the crypto industry had voiced concerns about TerraUSD's stability and its dependence on traders to act as its backstop, saying this mechanism could allow for a potential downward spiral.

"The Terra-Luna situation caught us very much off guard," Mr. Davies said, adding that the massive selloff was unprecedented. The Luna Foundation's sale of bitcoin to help support TerraUSD also worsened declines in the value of bitcoin in May.

Mr. Davies said Three Arrows was able to withstand the Luna losses, but the subsequent cascade of events that caused prices of bitcoin, ether and other cryptocurrencies to plummet in recent weeks created more problems, he added.

Credit conditions have tightened markedly as digital asset values have fallen across the board, leading some lenders to demand partial or full repayment on loans they previously made to crypto investors. Rapidly rising U.S. interest rates—a result of the Federal Reserve's attempts to rein in high inflation—have also worsened a selloff in riskier assets.

How many dollars one bitcoin buys

$70000

Source: CoinDesk

Crypto's total market capitalization, which had topped out at nearly $3 trillion in November last year, had tumbled to $910 billion as of Friday, according to data provider CoinMarketCap.

Last weekend, Celsius Network LLC, a widely used cryptocurrency lender, abruptly froze customer withdrawals, swaps and transfers between accounts, blaming what it said were extreme market conditions.

“We were not the first to get hit...This has been all part of the same contagion that has affected many other firms,” Mr. Davies said.

He said Three Arrows is still trying to quantify its losses and value its illiquid assets, which include venture-capital investments in dozens of private cryptocurrency-related companies and startups.

“We are the biggest investors in the fund, and our intent was always for everyone to do well in it,” said Mr. Zhu, Three Arrows’s other founder.

Back in early 2021, Mr. Zhu had predicted that bitcoin would enter what is known as a growth supercycle with continually rising prices as the cryptocurrency gained more mainstream adoption. In late May, as the market selloff was under way, he tweeted that the “Supercycle price thesis was regrettably wrong, but crypto will still thrive and change the world every day.”

The sudden comedown of Three Arrows follows the firm’s previously strong performance record. Messrs Zhu and Davies started their fund in late 2012 with just $1.2 million. It originally focused on trading emerging markets currencies before moving heavily into cryptocurrencies in recent years—multiplying the fund’s investments as bitcoin and other digital assets increased in value.

The firm is known to have had large positions in the Grayscale bitcoin Trust and “Lido staked ether” tokens, both of which have also suffered losses recently. The latter is derivative of the cryptocurrency ether that is locked up until the Ethereum network transitions to a less energy-intensive model. These tokens have recently traded at a discount to ether itself.

Nichol Yeo, a partner of law firm Solitaire LLP who is advising Three Arrows, said all of the fund’s investors are institutions or wealthy investors. He added that the firm is keeping Singapore’s financial regulator, the Monetary Authority of Singapore, apprised of its recent developments.

Just before the latest downturn, Three Arrows said it was making plans to move its headquarters to Dubai, where the digital-asset industry is booming. The firm operated as a

regulated fund manager in Singapore until last year, when it shifted its domicile to the British Virgin Islands as part of its relocation plan.

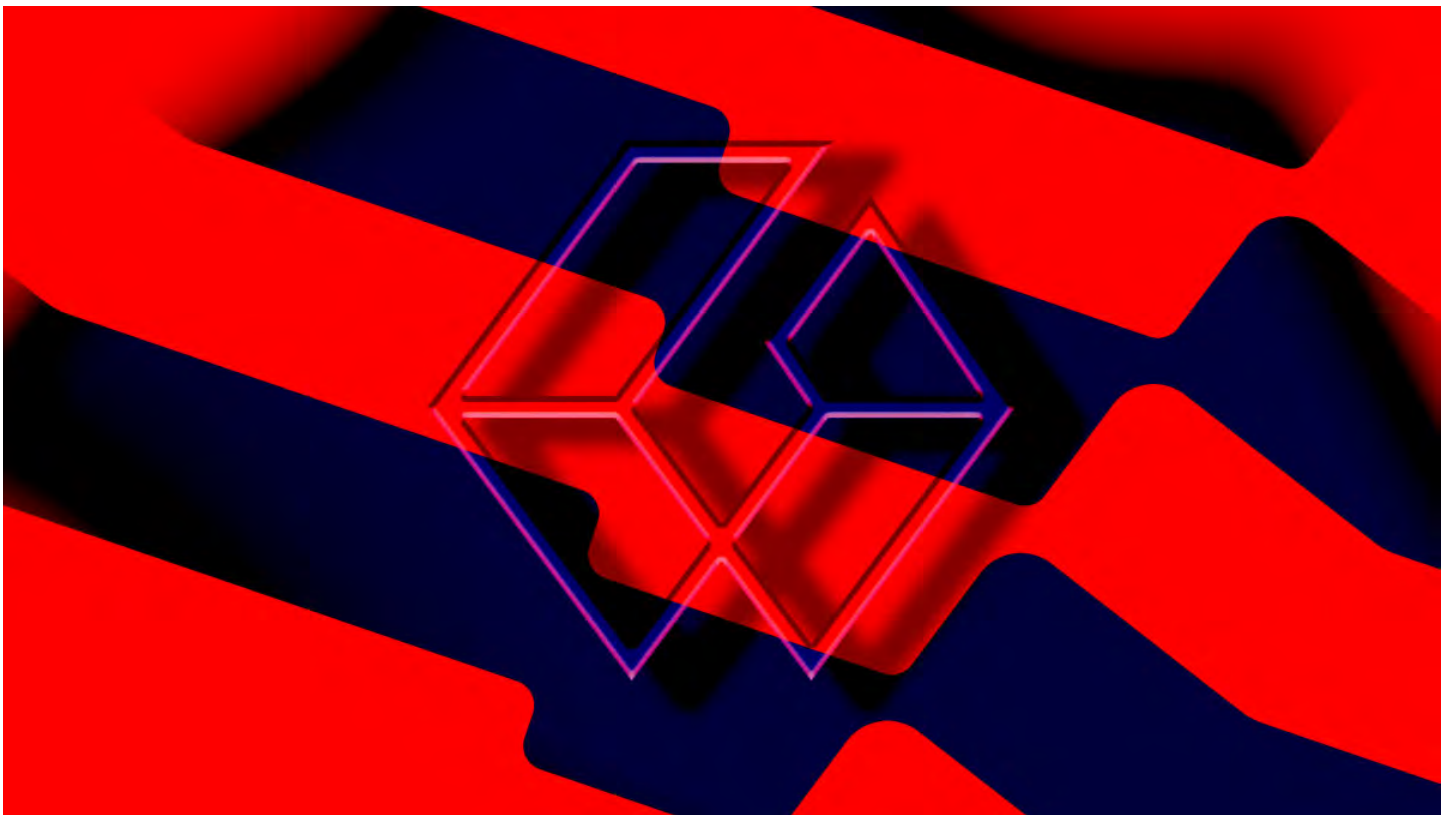
—Caitlin Ostroff and Vicky Ge Huang contributed to this article.

Appeared in the June 18, 2022, print edition as 'Hedge Fund Explores Asset Sales, Bailout'.

CAPITAL MARKETS • JUNE 17, 2022, 1:34PM EDT

Three Arrows Capital team sought funds for GBTC trade before meltdown

by Frank Chaparro



The Block

QUICK TAKE

- Days before Three Arrows Capital blew up it was pitching investors on a new arbitrage trade
- The firm planned to charge a 20% management fee through an affiliated OTC firm.

Just a few days before hedge fund Three Arrows Capital was liquidated across several crypto exchanges, its affiliated over-the-counter trading firm pitched investors on a new opportunity.

According to investment documents reviewed by The Block, TPS Capital — which is operated by Three Arrows' Su Zhu and Kyle Davies — was pitching investors on an arbitrage opportunity that involves Grayscale's bitcoin-linked fund GBTC.

"They pitched to so many people," said a person familiar with the trade pitch.

Another source, who shared the investment deck, told The Block that the Three Arrows team began circulating the deck on June 7, noting that, in hindsight, the pitch was perhaps a last-ditch effort to save the company after a series of crypto bets soured.

As for the arbitrage opportunity, the firm said that Three Arrows could lock up BTC with TPS for 12 months and receive a promissory note in return for the bitcoin.

Three Arrows is known for being one of the biggest investors in asset management firm Grayscale's Bitcoin Trust (GBTC). Grayscale is seeking approval from the Securities and Exchange Commission to convert GBTC into an exchange-traded fund, with a decision pending by early next month.

Three Arrows' pitch was to structure a trade for counterparties that would offer the upside of the discount collapsing as the deadline neared for the SEC decision. GBTC currently trades at a 33.75% discount to the price of Bitcoin, which it is meant to track.

"Upon conversion (GBTC becomes and ETF and GBTC can be redeemed for BTC) clients receives 1.x BTC minus our 20% performance fee."

"In case of no conversion even within 12 months, the client will receive 1* (Y end - Y start)," the note reads. "Y = GBTC discount % at that time."

"Any widening of the discount would be absorbed by the investor's principal."

James Seyffart, an ETF analyst at Bloomberg, said that the deal would make Three Arrows money regardless of the outcome of the SEC's decision.

"In traditional finance, they call these structured notes," Seyffart said. "But they were gonna take ownership of your Bitcoin while also making money on your BTC no matter what happened. They get your BTC and they take money/return from the investors in either scenario."

A pitch by the firm to investors described the opportunity more directly: "All you have to do is post BTC and we'll run with the rest."

As The Block first reported, Three Arrows faces potential insolvency after it was liquidated across several exchanges and by several lenders.

Davies and Zhu told The Wall Street Journal that the firm is "hoping to reach an agreement with creditors that would give it more time to work out a plan." The firm is still currently operating. Creditors include firms like BlockFi and Genesis.

Frank Chaparro covers the intersection of financial markets and cryptocurrency as Director of News. Since joining the publication in 2018 as its first reporter, he has played a key role in building The Block into a leader in financial journalism and research. He leads special projects, including The Block's flagship podcast, The Scoop. Prior to The Block, he held roles at Business Insider, NPR, and Nasdaq. For inquiries or tips, email Frank@TheBlockCrypto.com.

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TECHNOLOGY

Crypto fund Three Arrows Capital faces potential insolvency after lender liquidation

INSTITUTIONAL INVESTING

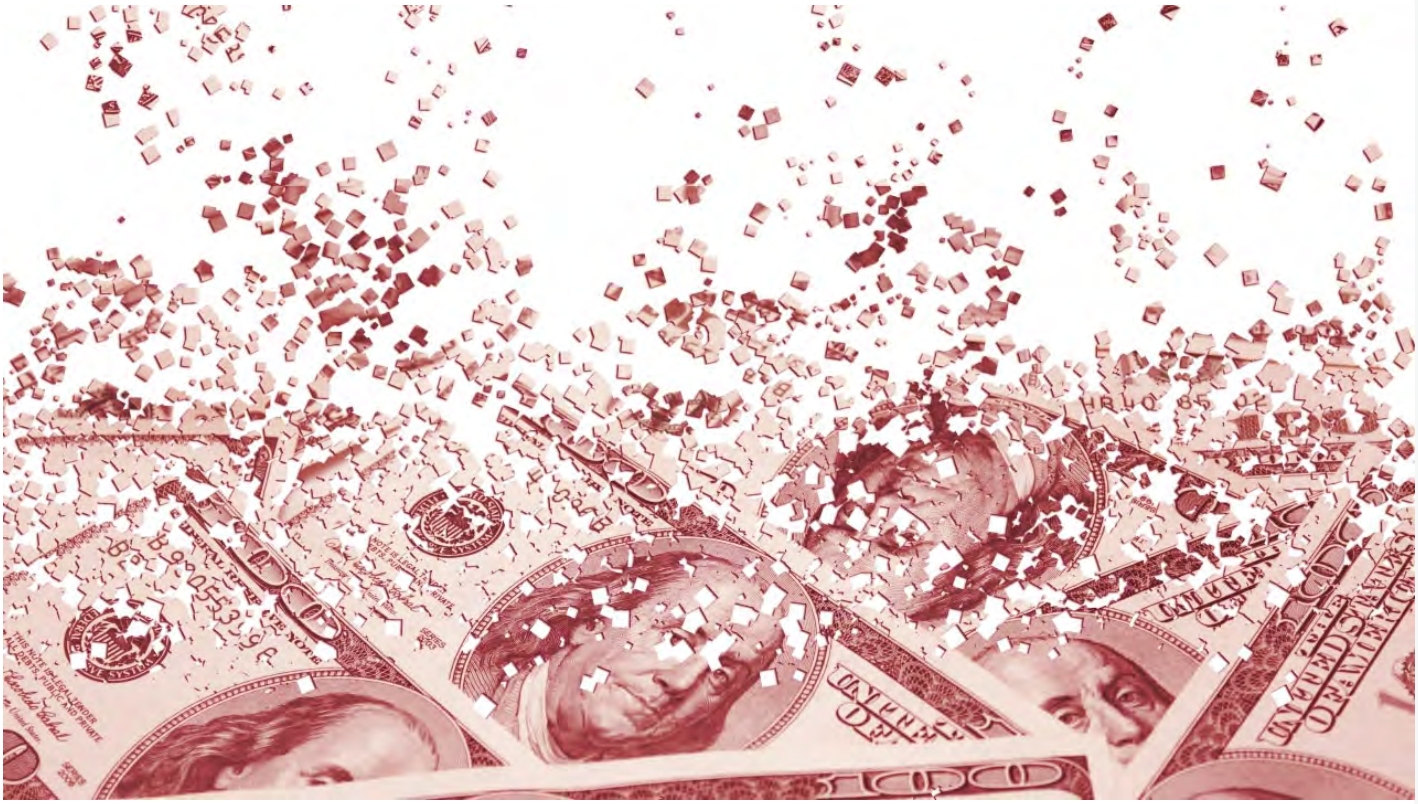


Is Multibillion-Dollar Hedge Fund Three Arrows Next to Unravel? Here's What's Going On

If two huge loans, which analysts believe belong to Three Arrows, get liquidated, it could be disastrous for crypto lenders and the credit market.

By Stacy Elliott

Jun 15, 2022
4 min read



Easy come, easy go. Image: Shutterstock

Something's amiss at Singapore-based crypto hedge fund Three Arrows Capital, but it's not yet clear whether that means the firm is insolvent, as the rumors spreading across the cryptosphere suggest.

The hedge fund, which was founded in 2012 and manages an estimated $10 billion, has positions in many of crypto's largest projects and companies: Bitcoin, Ethereum, Solana, Axie Infinity, and BlockFi.

On Wednesday afternoon, it looked like Three Arrows Capital, which also goes by 3AC, had been selling off assets, including $40 million worth of its Lido Staked Ethereum (stETH). Researchers and analysts on Twitter have been saying it's to keep a $264 million Aave loan and $35 million Compound loan from going into liquidation.

A crypto trader who goes by Moon Overlord on Twitter shared a screenshot from blockchain data platform Nansen showing that wallets associated with Three Arrows Capital were linked to five of the largest transactions in the past week and had exchanged at least 30,000 stETH.

> people think Celsius is the biggest stETH dumper but its 3AC and it isnt relatively close, they are dumping on every account and seed round address they have, most looks like its going to payback debts and outstanding borrows they have pic.twitter.com/9bZnmTXQzj
>
> — moon (@MoonOverlord) June 14, 2022

Another crypto analyst, Onchain Wizard, estimated that if the price of Ethereum goes to $1,042, the loan would be liquidated.

borrowings against it, @ a 85% liq threshold, a -11% move in ETH to $1,042 liqudates ithttps://t.co/y7yJJoNlMc pic.twitter.com/2S55Rzl9Xc

— Onchain Wizard (@OnChainWizard) June 15, 2022

There's no question that the loans do exist or that they're tied to an Ethereum wallet that people suspect belongs to 3AC. But the hedge fund hasn't confirmed that it took the loans.

Early on Tuesday, Three Arrows Capital co-founder Su Zhu seemed to offer some reassurance that the firm is taking steps to keep itself afloat.

"We are in the process of communicating with the relevant parties and fully committed to working this out," he said in a tweet, without identifying the parties or what needed to be worked out.

We are in the process of communicating with relevant parties and fully committed to working this out

— Zhu Su 🔺 (@zhusu) June 15, 2022

"It's not like 3AC is saying, 'Hey, that's definitely my address,'" Caleb Sheridan, Eden Network co-founder, told *Decrypt*. "But everybody believes that it's related to 3AC."

The Eden Network is a protocol used by traders to guarantee placement of their transaction in a particular block on the Ethereum network. That can be especially valuable for people trying to mint an NFT before the supply runs out, make an arbitrage trade or, in this case, be first in line to liquidate what's believed to be 3AC's Aave and Compound collateral.

As the sharks circle the two loans, waiting for them to go into automatic liquidation,

Lido Staked Ethereum, which allows people to stake Ethereum and receive an equal amount of stETH in return, has been trading at a 6% discount. At the time of writing, 1 stETH could be traded for 0.94 ETH through Curve Finance.

If the price of Ethereum drops low enough, the collateral used to secure the loans will be liquidated, or sold. And whoever manages to bid on the collateral first will score a 5% bounty. In simple terms, that means they'll pay, for example, $100 million for $105 million worth of ETH.

If that happens, he said, it could be a Catch 22 for the person with the winning bid. They would need to swap the ETH for a coin that's not seeing price volatility, like USDC, and soon, if they want to realize a return on the trade.

How the Celsius Liquidity Crunch Is Linked to Lido's Staked Ethereum

It's only been a month since the collapse of Terra, and the chaos that it created in the crypto market, and now Lido Finance and its Staked Ethereum (stETH) are at the center of anoth...

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Stacy Elliott Jun 13, 2022

"You got this cascading effect," Sheridan said, "where all of a sudden wherever you're

liquidating ETH for USDC, you're going to have to do it in a clever way or you risk holding this asset that could keep falling in price."

If the collateral securing those two loans does get liquidated, it's bad for the lenders too. And that includes Celsius, which is already dealing with enough liquidity problems.

After all, as Twitter user degentrading pointed out, 3AC is one of the biggest borrowers and clients for crypto lenders. If 3AC goes down, it'll send shockwaves out into the rest of the market and make the current downturn even more hellish.

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The story behind May 2022's crypto market crash

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Crypto fund Three Arrows Capital faces potential insolvency after lender liquidation

The future of crypto hedge fund Three Arrows Capital hangs in the balance as the firm faces potential insolvency after being liquidated by its lenders.

According to well-placed sources, the investment firm — which counts the likes of options exchange Deribit and financial services firm BlockFi among its venture bets — is in the process of figuring out how to repay lenders and other counter-parties after it was liquidated by top tier lending firms in the space.

Sources declined to share the names of those firms on the record for fear of reprisal, but three people said the liquidation totaled at least

$400 million. They added that the firm has maintained limited contact with its counter-parties since being liquidated.

The liquidation event is just one of several setbacks by the firm, which has backed projects like Avalanche, Polkadot, and Ether which are all down 57%, 38.8%, and 47% over the last 30 days respectively.

The fund sustained significant losses during the collapse of the Terra ecosystem last month, after investing heavily in its native token LUNA.

The firm, which reportedly managed approximately $10 billion at market peak by some estimates, is led by former classmates Su Zhu and Kyle Davies.

Zhu, co-founder and CEO of Three Arrows Capital, addressed rumors regarding the crypto investment firm's operations and solvency in a tweet Tuesday evening.

"We are in the process of communicating with relevant parties and fully committed to working this out," he said.

Representatives from Three Arrows did not respond to messages seeking comment.

Zhu — who up until a few weeks ago was a vocal crypto bull — recently took to Twitter to admit that his 'supercycle' bull case on the crypto market was "regrettably wrong."

"Supercycle price thesis was regrettably wrong, but crypto will still thrive and change the world every day," he said at the end of May.

The supercycle was an idea pushed by Zhu that suggested the crypto market would gradually rise during this market cycle, avoiding a

sustained bear market.

In an interview on the UpOnly podcast in February 2021, Zhu suggested that bitcoin's price could go as high as $2.5 million per coin if bitcoin were to capture the same market value as gold.

The headline of this report has been updated for clarity.

Frank Chaparro covers the intersection of financial markets and cryptocurrency as Director of News. Since joining the publication in 2018 as its first reporter, he has played a key role in building The Block into a leader in financial journalism and research. He leads special projects, including The Block's flagship podcast, The Scoop. Prior to The Block, he held roles at Business Insider, NPR, and Nasdaq. For inquiries or tips, email Frank@TheBlockCrypto.com.


Thread
Frank's Intern
@fintechintern
@ericturnr - VP @MessariCrypto
Q: Thoughts on 3AC asset/liability mismatch?
@twobitidiot:
- ~1.5 billion in net liabilities, definitely underwater
- Status of 3AC nested funds is unclear
7:59 PM · Jun 17, 2022 · Typefully
5 Retweets
1 Quote Tweet
54 Likes

Which Projects Could Be Affected by 3AC's Liquidity Crisis?

Jun. 21, 2022

Key Takeaways

- Three Arrows Capital is facing a liquidity crisis due to the collapse of the crypto market. It's believed that the firm could be facing bankruptcy as it struggles to pay off its debts.
- It's likely that the firm will be forced to sell vested tokens it received from backing crypto projects to meet obligations with its creditors.
- DeFiance Capital could also face contagion from a Three Arrows bankruptcy, compounding pressure on projects both firms have invested in.

As reports of insolvency abound, *Crypto Briefing* looks at which firms could be affected by Three Arrows Capital's recent liquidation events and potential bankruptcy.

The Three Arrows Crisis So Far

> *"It's only when the tide goes out that you learn who has been swimming naked."*–Warren Buffett

Early last week, rumors that the crypto hedge fund Three Arrows Capital could be facing bankruptcy flooded social media. Unconfirmed reports suggested that the fund, which had roughly $3 billion in assets under management in April 2022, had failed to meet margin calls on several of its undercollateralized loans. Numerous parties described radio silence from Three Arrows co-founders Su Zhu and Kyle Davies when informing them that their leveraged positions were in danger of being liquidated.

Additional reports suggested that it wasn't just margin calls that Zhu and Davies stayed silent on. As the week drew on, other funds that Three Arrows had dealings with took to Twitter to share their stories. 8 Blocks Capital CEO Danny Yuan said that his firm, which had a long-standing relationship with Three Arrows, had been unable to contact Zhu or Davies that week. Yuan claimed that around $1 million of his firm's money had gone missing from one of Three Arrows' trading accounts, and it wanted answers.

According to Yuan, Three Arrows had used 8 Block's funds to answer one of its leveraged long margin calls as the crypto market collapsed to its lowest levels in over 18 months. "Losing a bet is one thing, but at least be honorable and not drag others into your bets who have nothing

to do with it. Certainly don't ghost on everyone since potentially, they could've helped you," he wrote on Jun. 16.

Toward the end of the week, the rumors of Three Arrows' margin calls and liquidations gained credibility as more sources started to corroborate information. According to a *Financial Times* report, BlockFi liquidated a $400 million position Three Arrows held with the firm.

Although BlockFi did not explicitly confirm it had taken action on Three Arrows' position, the company's CEO Zac Prince wrote on Twitter that a "large client" that could not meet the margin calls on its loans had been liquidated. "No client funds are impacted. We believe we were one of the first to take action with this counterparty," Prince wrote.

In the following hours, more liquidation rumors emerged. Genesis Trading confirmed it had liquidated "a large counterparty," while anonymous sources told *The Block* that the firm had failed to meet margin calls on FTX, BitMEX, and Deribit.

The liquidation reports came to a head Friday when Zhu and Davies aired their hedge fund's woes in an interview with *The Wall Street Journal*. Davies revealed that Three Arrows had invested $200 million in LUNA before Terra collapsed, putting the fund in a precarious position. He also confirmed that Three Arrows was considering selling off its illiquid assets and accepting a potential buyout from another firm to help it reach agreements with its creditors.

Though the exact figure is not publicly known, it's believed that Three Arrows held $18 billion in assets under management at its height. As the firm grew, Zhu and Davies became some of the industry's most recognizable figures, known for a series of successful high conviction

As one of crypto's largest funds faces significant restructuring, fears of further contagion to other parts of the industry have spread like wildfire. According to data from Crunchbase, Three Arrows has made a total of 56 investments across various crypto startups. In many cases, it's likely that the firm received equity in the form of vested tokens that could be locked up for several years. Now, onlookers are watching the Three Arrows saga closely to find out who could be affected if the fund is unable to survive without intervention.

Who Could Be Affected?

Any project that has allocated tokens to Three Arrows in exchange for funding could potentially take a hit from the firm's liquidation crisis. Token allocations are usually vested, meaning recipients must wait for a set period of time before they can sell them.

If Three Arrows needs to raise liquidity to pay off existing debts, it may turn to its token holdings to liquidate them as they unlock. This would result in the fund dumping large amount of tokens onto the already-depressed crypto market, potentially creating more selling pressure.

While the list of projects Three Arrows holds vested tokens of is likely to be vast, not all are equally at risk. Smaller projects with lower market capitalization and less liquid markets are intrinsically more vulnerable to price movements from token unlocks. Some examples of smaller, at-risk projects include Avalanche-based crypto gaming startups such as Imperium Empires, Ascenders, and Shrapnel. The three projects have received backing from Three Arrows and have previously allocated vested tokens to early investors.

Other startups Three Arrows has contributed to, such as the Cardano project Ardana, are scheduled to continue their token unlocks. For the next 13 months, Three Arrows will receive millions of DANA tokens vested from its contribution to Ardana's seed and strategic investment rounds. Ardana founder Ryan Matovu recently revealed that Three Arrows was the startup's largest single investor, putting the DANA token in a precarious position going forward.

Three Arrows may alternative opt to dispose of its vested tokens in over-the-counter discount deals. Doing so would not necessarily result in mass token selloffs on the open market when vesting finishes, which is the other most likely scenario. If the firms purchasing Three Arrows' allocations believe in the long-term prospects of those projects, they are more likely to hold onto them—especially as they would be receiving them at a discount.

Regardless of whether Three Arrows liquidates its vested tokens as they unlock or sells them directly to another party, any project the fund has backed in the short term is potentially at risk. While the details of the firm's investment deals are often private, looking into the vesting schedules of individual projects can sometimes shed light on the timing and size of upcoming unlocks.

Three Arrows Contagion

DeFiance Capital is another potential victim of the Three Arrows crisis. Operating as a sub-fund and share class of Three Arrows, DeFiance has followed its parent fund in many venture investments. Although details of the relationship between the two firms are not public, recent tweets from DeFiance founder Arthur Cheong suggest that Three Arrows' liquidity issues are affecting more than just the fund itself.

As rumors of Three Arrows' insolvency spread last week, Cheong posted a series of cryptic tweets indicating that his firm was also experiencing problems. "Some friendship are truly priceless and a blessing. Some are not," he tweeted on Jun. 16.

Many onlookers in the crypto space had interpreted Cheong's remarks as evidence that DeFiance was facing insolvency in the fallout from Three Arrows' issues. In response, Cheong said that his firm was "not done" and was working to find a solution without giving explicit details of what exactly was happening. Cheong has since said that he is "super proud of the DeFiance team" and that "it's in time of adversity one's true character is shown," indicating that there may still be hope for the firm's recovery. *Crypto Briefing* reached out to Cheong last week to request a comment on the Three Arrows crisis but did not receive a response.

While the details of DeFiance's situation are still unknown to the public, given the firm's connection to Three Arrows, insolvency seems a legitimate possibility. If such an outcome were to occur, DeFiance could also be forced to liquidate its vested token positions. In this case, any project that has received backing from both Three Arrows and DeFiance would be at a greater risk.

The DeFi protocols Aave and Balancer both received funding from Three Arrows and DeFiance in return for tokens from their treasuries. While Aave's vested tokens have already unlocked, it is not clear what portion of those allocated by Balancer are still vesting. Other protocols that could be in a similar situation include the DeFi projects pSTAKE Finance and MEANfi, and crypto gaming projects Civitas, Ascenders, and Shrapnel.

It will likely be some time before the full extent of Three Arrows' liquidity issues become public. Some rumors have suggested that the firm took out large unbacked loans from multiple lenders and used the borrowed capital to go long on Bitcoin and Ethereum as the market declined. If accurate, further contagion could be likely as several large players would be out of pocket from lending to the firm. The fund says it is mulling a rescue plan, but if it cannot work out a deal with its creditors or other venture firms, there could be more liquidations on the horizon. With the macroeconomic picture showing no clear signs of improvement, the Three Arrows crisis has become a ticking time bomb for the crypto industry.

Disclosure: At the time of writing this feature, the author owned ETH and several other cryptocurrencies.

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Voyager Digital Provides Market Update

June 22, 2022 04:45 AM EST

Voyager Digital Ltd. ("Voyager" or the "Company") (TSX: VOYG; OTCQX: VYGVF; FRA: UCD2) today announced its subsidiary, Voyager Digital Holdings, Inc. (“VDH”), has entered into a definitive agreement with Alameda Ventures Ltd. (“Alameda”) related to the previously disclosed credit facility, which is intended to help Voyager meet customer liquidity needs during this dynamic period.

VDH entered into a definitive agreement with Alameda for a US$200 million cash and USDC revolver and a 15,000 BTC revolver (the “Loan”). As previously disclosed, the proceeds of the credit facility are intended to be used to safeguard customer assets in light of current market volatility and only if such use is needed. In addition to this facility, as of June 20, 2022, Voyager has approximately US$152 million cash and owned crypto assets on hand, as well as approximately US$20 million of cash that is restricted for the purchase of USDC.

Alameda’s obligation to provide funding is subject to certain conditions, which include: no more than US$75 million may be drawn down over any rolling 30-day period; the Company’s corporate debt must be limited to approximately 25 percent of customer

assets on the platform, less US$500 million; and additional sources of funding must be secured within 12 months. This is a summary of the Loan terms; a copy of the Loan agreement will be filed at http://www.sedar.com.

Voyager concurrently announced that its operating subsidiary, Voyager Digital, LLC, may issue a notice of default to Three Arrows Capital (“3AC”) for failure to repay its loan. Voyager’s exposure to 3AC consists of 15,250 BTC and $350 million USDC. The Company made an initial request for a repayment of $25 million USDC by June 24, 2022, and subsequently requested repayment of the entire balance of USDC and BTC by June 27, 2022. Neither of these amounts has been repaid, and failure by 3AC to repay either requested amount by these specified dates will constitute an event of default. Voyager intends to pursue recovery from 3AC and is in discussions with the Company’s advisors regarding the legal remedies available. The Company is unable to assess at this point the amount it will be able to recover from 3AC.

Alameda currently indirectly holds 22,681,260 common shares of Voyager ("Common Shares"), representing approximately 11.56% of the outstanding Common and Variable Voting Shares. The Loan is considered a "related party transaction" pursuant to Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). Voyager is relying on the exemption available under Section 5.7(1)(f) of MI 61-101 minority shareholder approval requirement. Additionally, the Loan is exempt from the formal valuation requirement of MI 61-101 pursuant to Section 5.4(1) of MI 61-101. The Loan Agreement was approved by the Board of Directors

of Voyager.

About Voyager Digital Ltd.

Voyager Digital Ltd.'s (TSX: VOYG) (OTCQX: VYGVF) (FRA: UCD2) US subsidiary, Voyager Digital, LLC, is a cryptocurrency platform in the United States founded in 2018 to bring choice, transparency, and cost-efficiency to the marketplace. Voyager offers a secure way to trade over 100 different crypto assets using its easy-to-use mobile application. Through its subsidiary Coinify ApS, Voyager provides crypto payment solutions for both consumers and merchants around the globe. To learn more about the company, please visit https://www.investvoyager.com.

Forward Looking Statements

Certain information in this press release, including, but not limited to, statements regarding future growth and performance of the business, momentum in the businesses, future adoption of digital assets, the terms of the term sheet and any definitive loan documentation and the Company‘s anticipated results may constitute forward looking information (collectively, forward-looking statements), which can be identified by the use of terms such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe" (or the negatives) or other similar variations. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Voyager's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible

for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this press release may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. There is no assurance that the funds available under the Loan agreement will be available in a timely manner or, even if available will, together with any other assets of Voyager be sufficient to safeguard customer assets. It is uncertain what amount Voyager will be able to recover from 3AC for non-payment or the legal remedies available to Voyager in connection with such non-payment or the impact on the future business, cash flows, liquidity and prospects of Voyager as a result of 3AC's non-payment. Forward looking statements are subject to the risk that the global economy, industry, or the Company's businesses and investments do not perform as anticipated, that revenue or expenses estimates may not be met or may be materially less or more than those anticipated, that parties to whom the Company lends assets are able to repay such loans in full and in a timely manner, that trading momentum does not continue or the demand for trading solutions declines, customer acquisition does not increase as planned, product and international expansion do not occur as planned, risks of compliance with laws and regulations that currently apply or become applicable to the business and those other risks contained in the Company's public filings, including in its Management Discussion and Analysis and its

Annual Information Form (AIF). Factors that could cause actual results of the Company and its businesses to differ materially from those described in such forward-looking statements include, but are not limited to, a decline in the digital asset market or general economic conditions; changes in laws or approaches to regulation, the failure or delay in the adoption of digital assets and the blockchain ecosystem by institutions; changes in the volatility of crypto currency, changes in demand for Bitcoin and Ethereum, changes in the status or classification of cryptocurrency assets, cybersecurity breaches, a delay or failure in developing infrastructure for the trading businesses or achieving mandates and gaining traction; failure to grow assets under management, an adverse development with respect to an issuer or party to the transaction or failure to obtain a required regulatory approval. Readers are cautioned that Assets on Platform and trading volumes fluctuate and may increase and decrease from time to time and that such fluctuations are beyond the Company's control. Forward-looking statements, past and present performance and trends are not guarantees of future performance, accordingly, you should not put undue reliance on forward-looking statements, current or past performance, or current or past trends. Information identifying assumptions, risks, and uncertainties relating to the Company are contained in its filings with the Canadian securities regulators available at www.sedar.com. The forward-looking statements in this press release are applicable only as of the date of this release or as of the date specified in the relevant forward-looking statement and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after that date or to reflect the

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The TSX has not approved or disapproved of the information contained herein.

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FORBES DIGITAL ASSETS • EDITORS' PICK

Troubled Crypto Brokerage Voyager Presses Three Arrows Capital To Repay $650 Million Loan Amid Capital Crunch

Maria Gracia Santillana Linares Forbes Staff
I cover cryptocurrency, NFTs, and blockchain for Forbes Digital Assets

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Jun 22, 2022, 04:31pm EDT

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MIAMI, FLORIDA - JANUARY 18: Stephen Ehrlich, CEO and co-founder of Voyager Digital Ltd., speaks at ... [+] GETTY IMAGES

Toronto-based digital asset brokerage Voyager Digital has become the latest crypto firm to face solvency issues as a result of the recent crypto crash. Today it requested a loan repayment from troubled proprietary trading Three Arrows Capital (3AC), announcing that it "may issue a notice of default."

Voyager's exposure to 3AC is in excess of $650 million based on current prices. Specifically, it consists of 15,250 bitcoin, approximately $307 million based on crypto's current price, and $350 million worth of stablecoin USDC USDC +0.1% per the company's statement.

Voyager initially made a request for repayment of $25 million USDC from the Singapore-based hedge fund by June 24 before subsequently requesting a repayment of the entire balance of USDC and BTC BTC -4.9% by June 27. However, it is unsure what to expect.

"The Company is unable to assess at this point the amount it will be able to recover from 3AC," Voyager stated in a press release.

The fact that the company is in this situation stems from its need to generate yield to compensate users for depositing funds on the platform. Although primarily known as an exchange where users can trade various tokens, Voyager also pays users interest rates as high as 9%. Naturally, the company would need to generate yields in excess of these amounts to generate those returns.

Today's announcement represents an escalation of the company's fight for solid financial footing in the midst of market chaos. The exchange was able to secure a revolving line of credit from Alameda Ventures, a quantitative trading firm founded by billionaire FTX CEO Sam Bankman-Fried. In fact, Bankman-Fried has become akin to a lender of last resort in the past week, as FTX agreed to provide BlockFi a $250 million revolving credit facility after the company said it would lay off about 20% of its staff. Bankman-Fried has positioned himself as a sort of crypto savior to struggling firms.

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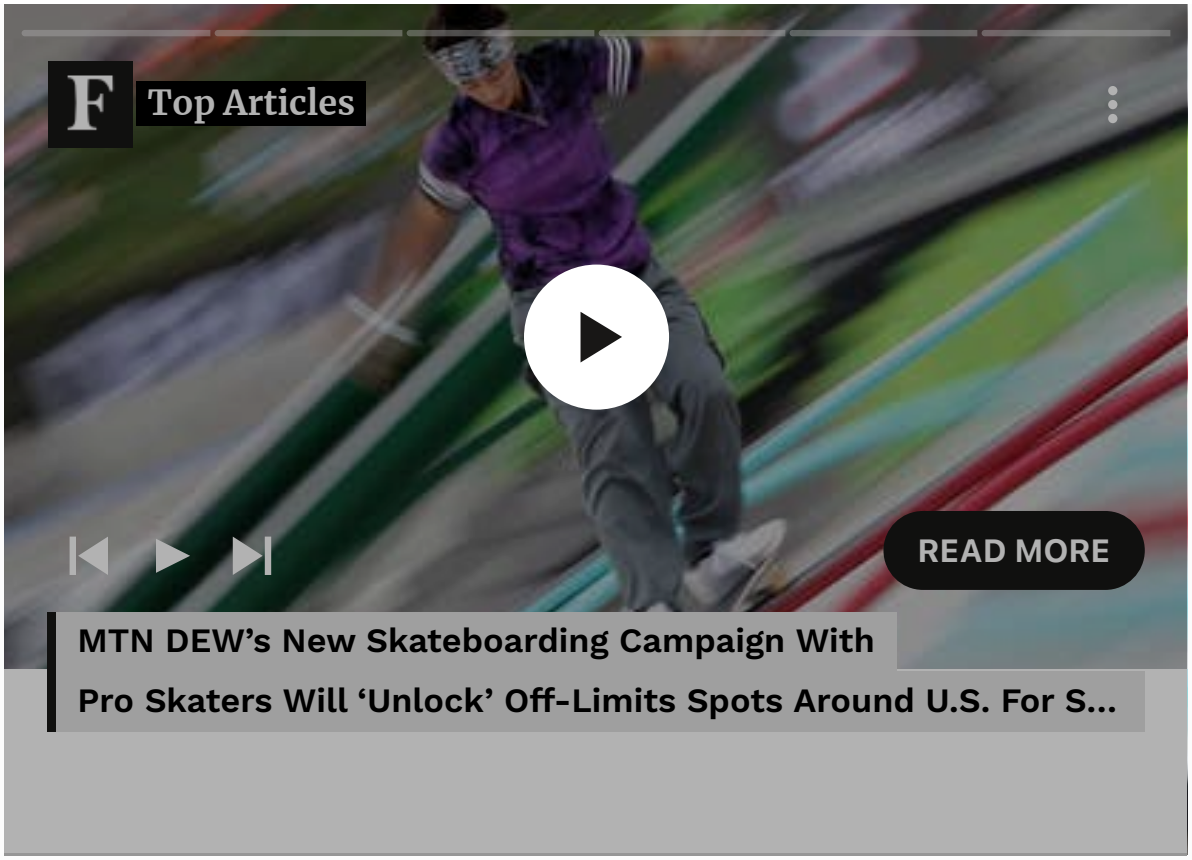
Alameda's credit line also included a cash/USDC-based credit facility with a total availability of $200 million and a revolving credit facility for 15,000 BTC. It is currently the largest holder in Voyager, with nearly a 12% stake according to Bloomberg data.

This credit line may have initially worked in some circles as equity research firm BTIG initially maintained Voyager Digital stock (VOYGF VO +0.1%) a 'Buy' rating on its stock Wednesday morning. However, it was immediately downgraded an hour later to 'Neutral' per its latest report when Voyager CEO Steve Ehrlich revealed the true extent of the company's exposure to 3AC. Based on their assessment, the firm believes the stock "is likely to trade within +/- 15% from current levels over the next 12 months."



The stock itself has fallen over 60% since news broke Wednesday, dropping to $0.57 this morning before stabilizing at around $0.80 since. Though Coinbase and Robinhood, two of the most well-known crypto exchanges, have also seen their stocks tumble 77.65% and 51.80% respectively, Voyager’s stock has fallen by a massive 94% this past year.

Voyager, Coinbase, and Robinhood have all seen price decreases in their stock in the past year. STEVEN EHRLICH / TRADING VIEW

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Maria Gracia Santillana Linares

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I'm an assistant editor at the Forbes Digital Assets team where I focus on cryptocurrency, NFTs, and blockchain... **Read More**

← Thread

Ryan Selkis 📖 🚀 🔑
@twobitidiot

1/ Rumors + speculation:

3AC was unfortunately on the wrong side of two synthetic trades - with size - in GBTC and stETH.

In other words, a temporary condition vs fundamentally bad bet which may be why they have a shot at fighting through an insolvency.

> **Zhu Su** 🔺 @zhusu · Jun 14
> We are in the process of communicating with relevant parties and fully committed to working this out

6:06 PM · Jun 14, 2022 · Twitter for iPhone

60 Retweets **12** Quote Tweets **404** Likes

Ryan Selkis 📖 🚀 🔑 @twobitidiot · Jun 14
Replying to @twobitidiot
2/ I wrote in 22 Theses 3AC took a BATH on the Grayscale trusts as they levered up to create shares through Genesis then GBTC flipped to a discount vs NAV.

Probably some options here bc...DCG actually holds the unredeemable collateral! Wacky structure, but they could get relief.

4 2 81

Ryan Selkis 📖 🚀 🔑 @twobitidiot · Jun 14
3/ I'm less familiar with the stETH positions and exposure / their ability to restructure, but with the Merge coming up, seems like they could find underwriters to help them through any temporary insolvency.

DCG or Alameda white knight?

5 3 87

← **Thread**

Onchain Wizard
@OnChainWizard

This wallet (tagged as 3AC on Nansen) has been aggressively paying back AAVE debt against its 223k ETH / $264mm position to avoid liquidation. With $198mm in borrowings against it, @ a 85% liq threshold, a -11% move in ETH to $1,042 liqudates it

etherscan.io/address/0x4093...

8:47 PM · Jun 14, 2022 · Twitter Web App

385 Retweets **164** Quote Tweets **1,576** Likes

← Thread

moon
@MoonOverlord

people think Celsius is the biggest stETH dumper but its 3AC and it isnt relatively close, they are dumping on every account and seed round address they have, most looks like its going to payback debts and outstanding borrows they have

Top Transactions (Last 7 days)

From	To	Value	Time
Three Arrows Capital	Zero Address	39,500	4h ago
Zero Address	Token Millionaire	38,421	4d ago
Three Arrows Capital	Zero Address	20,000	4h ago
First Mover Staking	Zero Address	18,811	28h ago
Token Millionaire	Zero Address	17,035	22h ago
Three Arrows Capital	Zero Address	11,842	4h ago
Medium Uniswap V3 LP	Zero Address	11,064	22h ago
Zero Address	Token Millionaire	10,598	3d ago
Zero Address	Token Millionaire	10,430	3d ago
yaemiko.eth	Zero Address	10,004	21h ago
Zero Address	yaemiko.eth	10,002	53h ago
Celsius: Trading Wall…	Zero Address	10,000	6d ago
Celsius: Trading Wall…	Zero Address	10,000	6d ago
Celsius: Trading Wall…	Zero Address	10,000	6d ago
Celsius: Trading Wall…	Zero Address	10,000	6d ago
Celsius: Trading Wall…	Zero Address	10,000	5d ago
InstaAccountV2	Zero Address	10,000	4d ago
Zero Address	Medium Uniswap V3 LP	10,000	4d ago
Three Arrows Capital	Zero Address	10,000	4h ago
Zero Address	Instadapp DeFi Smart Account	8,541	15h ago
EIP 1559 User	Zero Address	8,534	56h ago
Zero Address	Token Millionaire	7,454	51h ago
Three Arrows Capital:…	Zero Address	7,285	5h ago

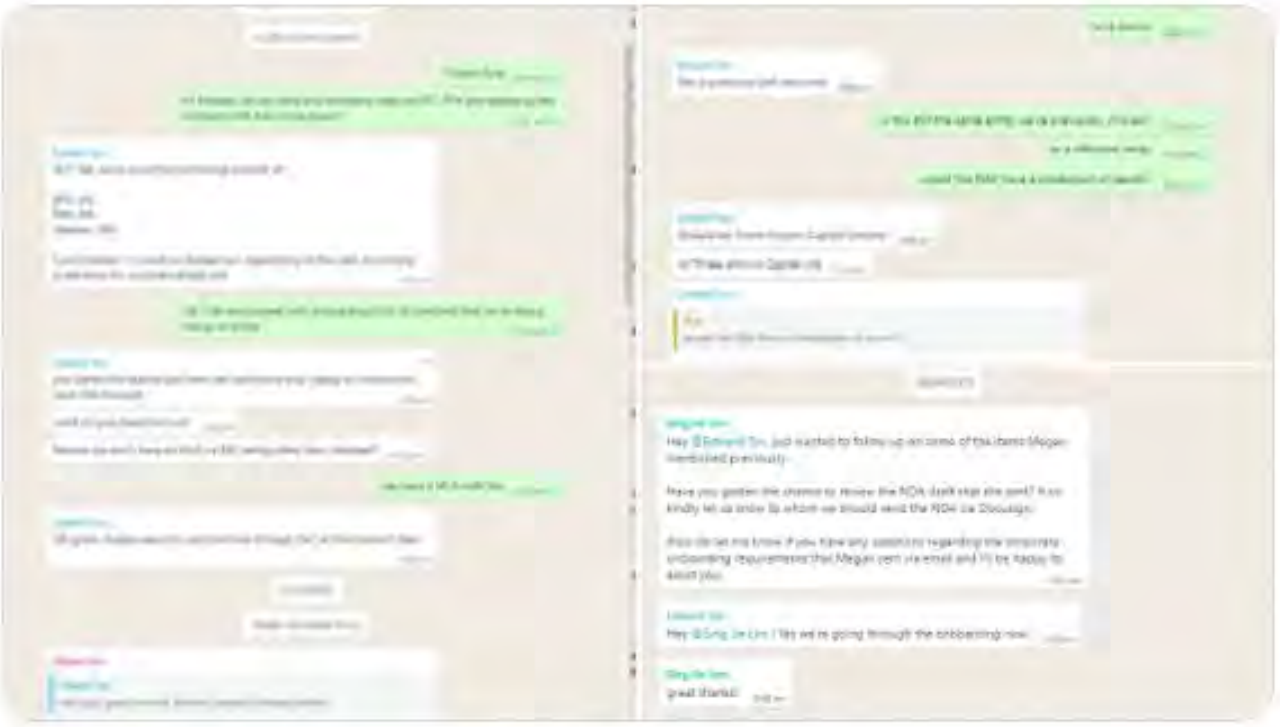
6:10 AM · Jun 14, 2022 · Twitter Web App

247 Retweets **71** Quote Tweets **1,577** Likes

← **Thread**

JT
@jt_hodlnaut

4/ Contagion, we were lucky to have relatively stringent onboarding requirements. Despite working with Three Arrows previously, we would still require them to borrow collateralized and provide financial statements (which they never did), so we had no exposure to them.



10:29 AM · Jun 19, 2022 · Twitter Web App

13 Retweets **17** Quote Tweets **110** Likes

Kyle Davis
Adding @Edward Tps from our borrow/treasury team. Would be great to compare rates and see if there are some ways to work together. 3:41 pm

Edward Tps
Hey guys, great to meet, believe I spoke to Megan before! 3:42 pm

Megan Lau is now an admin

Su Zhu is now an admin

Thanks Kyle 3:47 pm

Hi Edward, do you have any indicative rates on BTC, ETH and stables at the moment with their collat levels? 3:47 pm

Edward Tps
@JT Yes, we're currently borrowing uncollat at:

BTC: 3%
ETH: 3%
Stables: 10%

Can consider 1:1 collat on stables too, depending on the rate, but strong preference for uncollateralized atm 3:51 pm

Ok. Can we proceed with onboarding first? Understand that we're facing tps as an entity 3:53 pm

Edward Tps
yes, believ this stalled last time, not quite sure why, happy to continue to push this through 3:54 pm

what do you need from us? 3:57 pm

Believe we don't have an MLA vs 3AC entity either last i checked? 4:03 pm

we have a MLA with 3ac 4:04 pm

Edward Tps
Oh great, maybe easier to just continue through 3AC at the moment then 4:05 pm

27/05/2022

Megan Lau added Kris Li

Megan Lau

> **Edward Tps**
> Hey guys, great to meet, believe I spoke to Megan before!

hey Edward! yes we spoke couple months back i believe. let's push forward with a risk assessment so that we can come to a comfortable amount to lend to 3AC. could you send us the following docs please:
1. Audited balance sheet
2. Statement of financial condition
3. Liquidity monitoring ALM framework
4. Risk philosophy and overview

you can send it to me via email at [redacted] and i'll relay that

Edward Tps
yes could do 5:27 pm

okay can. Ill let megan handle the refresh of data and then we can re-evaluate 5:27 pm ✓✓

Edward Tps
got you 5:28 pm

in terms of the financial data 5:28 pm

for Three Arrows entity, we do not disclose audited balance sheet statements - we could however provide a NAV statement 5:28 pm

would that work? 5:28 pm

from ascent? 5:32 pm ✓✓

fund admin 5:32 pm ✓✓

Edward Tps
No it would be self declared 5:33 pm

is this still the same entity we've previously KYB-ed? 5:35 pm ✓✓

or a different entity 5:35 pm ✓✓

would the NAV have a breakdown of assets? 5:35 pm ✓✓

Edward Tps
Should be Three Arrows Capital Limited 5:39 pm

or Three Arrows Capital Ltd 5:39 pm

Edward Tps

> You
> would the NAV have a breakdown of assets?

Unlikely at this point, unless it's required for size borrowing - the NAV would extremely comfortably exceed $2m..... 5:40 pm

30/05/2022

Megan Lau
morning @Edward Tps we will have to do a KYC refresh for 3AC Ltd as the KYB docs we have on hand are outdated. i dropped you an email on this over the weekend, let me know if you need any assistance :) 10:10 am

Megan Lau added Sing Jie Lim

Edward Tps
thanks! will review it 10:38 am

06/06/2022

Telegram

S Z

Yo – what you thinking on market here?

07 May

S Z
Rangebound

Hbu

Charles McGarraugh
yeah its just a macro trade for now in btc. i think back end rates stay volatile for a while still. market seems convinced its a lack of credibility on inflation, but i think its just a general increase in cost of capital as theres gonna have to be alot of capex into refitting new shorter supply chains and infra

so not as scared of inflation

so yes rangebound

02 May

Charles McGarraugh
any changes in view?

20 May

Charles McGarraugh
Hey got some time for a quick call?

Want to talk about our loan position. Pls give me a ring. Have risk committee soon

21 May

Charles McGarraugh
Call me pls

Here on telegram is fine

S Z
Hey, had a chat w kyle on this, you can ping him directly

Charles McGarraugh
His TG handle pls?

S Z
@kyle01

Charles McGarraugh
Thx

14 June

Charles McGarraugh
Hey when can we speak live with either you or Kyle?

21 May

Charles McGarraugh
Hey kyle give me a ring pls

Here on TG is fine

Your TG settings won't let me call you

Kyle
Hey Charles

Sure, let me send a link

Charles McGarraugh
Cool thanks

Kyle
https://us04web.zoom.us/j/71893951591?pwd=jVlEyHtZdsv0Jo1h5SvDnzVYWKQeKC.1

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Zoom is the leader in modern enterprise video communications, with an easy, reliable cloud platform for video and audio conferencing, chat, and webinars across mobile, desktop, and room systems. Zoom Rooms is the original software-based conference room solution used around the world in board, conference, huddle, and training rooms, as well as executive offices and classrooms. Founded in 2011, Zoom helps businesses and organizations bring their teams together in a frictionless environment to get more do...

3ac/Blockchain.com

Mon, Jun 13

+A. Ani Banerjee added you to the group.

Ani Banerjee
Hi @Kyle

AB Can we hop on another call (zoom) please. Kindly send a link. 13:08

K Kyle
Hi, can we do chat pls 13:27

hi yep, pls send zoom 13:29

K Kyle
I mean on this chat is better than a call 13:30

prefer live if possible 13:30

any update on genesis and gbt margin your side? 13:36

K Kyle
Still working with them 13:43

any update on NAV, balance sheet assets/liabilities composition etc? easier to help propose a solutions if we know what we're dealing with. 13:58

K Kyle
Will ask our team 13:57

Kyle I tried calling live

Pls call me back 14:10

3ac/Blockchain.com

Kyle I tried calling live

Pls call me back 14:10

Kyle - any update? did you guys reduce position at all today or anything else happen?

hard for us to help if we dont have transparency on whats going on. really think we should hop on a call to discuss 17:44

Tue, Jun 14

AB **Ani Banerjee**
@Kyle can you hop on a call w Charlie and I in 45 mins. 6:22

https://blockchain.zoom.us/j/96249971646?pwd=WTRHRzFoYlVhWUNWUUN5YkhMUVhpdz09

kyle hop on with us pls to talk about potential paths forward 7:23

kyle we want to work with you, but very difficult when you wont pick up 7:32

Ani Banerjee added Peter Smith

Ani Banerjee added Reid Simon

Ani Banerjee added sz

Peter Smith
@Kyle @sz -

We're hearing a lot of worrying color from market today about 3AC.

1) We have bid for Deribit and other assets
2) We are going to formally re-rate the loans to 20%
3) If we don't hear back and get a check in within 3 hours we will issue a recall of all loans
4) If we continue to not hear back, we will fully enforce our rights

Peter Smith

@Kyle @sz -

We're hearing a lot of worrying color from market today about 3AC.

1) We have bid for Deribit and other assets
2) We are going to formally re-rate the loans to 20%
3) If we don't hear back and get a check in within 3 hours we will issue a recall of all loans
4) If we continue to not hear back, we will fully enforce our rights

Wanted to post this in a principals only chat, but will revert to the main chat if we do not hear back within 90 minutes

- Peter 14:58

Yesterday

Kyle and Su

We saw the tweet, when are you going to speak with us? 8:50

@Kyle @sz 9:05

Today

Peter Smith

@Kyle @sz

Understood from Kyle you'd be able to update us today - what is the status there? 16:58

Kyle

Apologies, will have one for you tomorrow 17:03

Peter Smith

What time should we plan to speak? 18:06


Tweet
Zhu Su
@zhusu
We are in the process of communicating with relevant parties and fully committed to working this out
6:00 PM · Jun 14, 2022 · Twitter for Android
997 Retweets
1,559 Quote Tweets
9,038 Likes

Business

Voyager Digital Plunges on Three Arrows Exposure, Analyst Downgrade

The crypto broker said it's on the hook for about $370 million of bitcoin and $350 million of USDC and has asked for a repayment installment by Friday.

By Sheldon Reback, Michael Bellusci

Jun 22, 2022 at 4:58 a.m. PDT

Updated Jun 22, 2022 at 8:27 a.m. PDT

Steve Ehrlich, co-founder and CEO of Voyager (YouTube)

Voyager Digital (VOYG) shares fell more than 60% after the crypto broker disclosed its exposure to hedge fund Three Arrows Capital (3AC) and said it may issue a "notice of default" to the crypto fund if it fails to make a loan repayment.

Voyager's exposure to 3AC consists of 15,250 bitcoins ($370 million) and $350 million USDC, the company said in a statement Wednesday.

Dubai-based Three Arrows Capital said June 17 it had suffered heavy losses in the recent market downturn and had hired legal and financial advisers to figure a way out, according to a Wall Street Journal report. 3AC invested over $200 million in LUNA tokens in February, an amount that is now essentially worthless since the Terra ecosystem imploded in mid-May, co-founder Kyle Davies told the WSJ. Last week, the company was reported to be facing possible insolvency after incurring at least $400 million in liquidations.

Analysts urge caution

Wall Street analysts have turned cautious on Voyager, and are opting to steer clear of purchasing shares until there's more clarity.

"The 3AC exposure raises survivability questions for VOYG," Chris Allen, an analyst with boutique investment bank Compass Point said in a note to clients Wednesday. "With 3AC contemplating asset sales or a rescue by another firm , it is unclear if the fund will be able to repay its outstanding loans and even if it somehow has the capacity to do so, we would expect it to take an extended amount of time." Allen has a neutral rating on Voyager's shares along with a price target of $6 (C$8).

BTIG analyst Mark Palmer downgraded the firm's recommendation on Voyager shares to neutral from buy, while removing a price target (previously $11.00, or C$15). Palmer told clients in a note there isn't enough clarity on how the situation will unfold and it's difficult to value the stock right now.

The stock was priced at C$0.60 in Toronto as of 15:11 UTC.

Deadline for 3AC

Voyager, which has agreed to a loan from Alameda Ventures to secure its assets, initially asked for repayment of $25 million USDC by June 24, and then requested repayment of the entire amount by June 27, 2022. While several days remain before those deadlines, neither of these amounts has been repaid, Voyager said.

"Failure by 3AC to repay either requested amount by these specified dates will constitute an event of default. Voyager intends to pursue recovery from 3AC and is in discussions with the Company's advisors regarding the legal remedies available," Voyager said.

"The Company is unable to assess at this point the amount it will be able to recover from 3AC," it noted.

The two-part loan from Alameda comprises a cash/USDC-based credit facility with an aggregate principal amount of $200 million and revolving credit facility for 15,000 BTC. The loan will be used only if it's needed, Voyager said.

The company also has about $152 million in cash and crypto on hand, and a further $20 million that can be used only for buying USDC.

Thee Arrows Capital had not responded to requests for comment by publication time.

UPDATE (June 22, 12:10 UTC): *Adds background on 3AC situation in fourth bullet point.*

UPDATE (June 22, 12:27 UTC): *Adds Alameda loan, cash reserves, request for comment; changes lead photo.*

UPDATE (June 22, 14:04 UTC): *Rewrites headline, first paragraph to focus on shares.*

UPDATE (June 22, 14:30 UTC): *Adds quote from Compass Point in fifth bullet point.*

UPDATE (June 22, 12:27 UTC): *Adds Alameda loan, cash reserves, request for comment; changes lead photo.*

UPDATE (June 22, 14:04 UTC): *Rewrites headline, first paragraph to focus on shares.*

UPDATE (June 22, 15:13 UTC): *Restructures story, adds analyst comment, downgrade.*

UPDATE (June 22, 15:13 UTC): *Restructures story, adds analyst comment, downgrade.*

Read more about

Voyager Digital | Three Arrows Capital | Hedge Fund | Wall Street | Analyst Ratings

XRP	$0.347088	▲ 4.65%	→
SOL	$37.81	▲ 7.03%	→

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Sheldon Reback

Sheldon Reback is a CoinDesk news editor based in London. He owns a small amount of ether.

Follow @sheldonreback on Twitter

Michael Bellusci

Michael Bellusci is CoinDesk's crypto payments reporter.

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Attorneys for Plaintiff and the Proposed Class

[Additional Counsel on Signature Page.]

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

NICK PATTERSON, Individually and on Behalf of All Others Similarly Situated,

Plaintiff,

v.

TERRAFORM LABS, PTE. LTD., JUMP CRYPTO, JUMP TRADING LLC, REPUBLIC CAPITAL, REPUBLIC MAXIMAL LLC, TRIBE CAPITAL, DEFINANCE CAPITAL/ DEFINANCE TECHNOLOGIES OY, GSR/GSR MARKETS LIMITED, THREE ARROWS CAPITAL PTE. LTD., NICHOLAS PLATIAS, and DO KWON,

Defendants.

Case No.

CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS

DEMAND FOR JURY TRIAL

Plaintiff Nick Patterson ("Plaintiff"), individually and on behalf of all others similarly situated, by Plaintiff's undersigned attorneys, alleges the following based upon personal knowledge, as to Plaintiff and Plaintiff's own acts, and upon information and belief, as to all other matters, based on the investigation conducted by and through Plaintiff's attorneys, which included, among other things, a review of the various regulatory filings of Defendants, press releases, and public statements issued by Defendants, analyst and media reports, and other commentary analysis and publicly disclosed reports and information about Defendants. Plaintiff's investigation into the matters alleged herein is continuing and many relevant facts are known only to, or are exclusively within the custody and control of, the Defendants (defined below). Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for formal discovery.

NATURE OF THE CASE

This collapse was one of the most violent collapses in a long time, only comparable to Lehman's collapse in 2008!
Remi Teto (Member of the Governing Council of the Luna Foundation Guard)

1. Plaintiff brings this Class Action Complaint ("Complaint") under §§5, 12(a)(1), and 15 of the Securities Act of 1933 (the "Securities Act"), as well as under §§10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and SEC Rule 10b-5 promulgated thereunder, 17 C.F.R. §240.10b-5, against Defendants TerraForm Labs Ptd Ltd. ("TFL" or the "Company"), Jump Crypto, Jump Trading LLC, Republic Capital, Republic Maximal LLC, Tribe Capital, DeFinance Capital/Definance Technologies Oy, GSR Markets Limited, and Three Arrows Capital Ptd Ltd. (collectively, the "Luna Foundation Guard"), and Individual Defendants Nicholas Platias and Do Kwon (together with the Luna Foundation Guard and TFL, the "Defendants"). This action is brought on behalf of a class consisting of all persons and entities, other than Defendants and their affiliates, who purchased Terra Tokens between May 20, 2021 and May 25, 2022, inclusive (the "Class Period"), and who were damaged thereby (the "Class").

2. TFL is a company that operates the Terra blockchain and its related protocol,[1] which hosts, supports, and funds a community of decentralized financial applications and products known collectively as the Terra ecosystem. TFL's primary focus is developing, marketing, and selling a suite of digital assets and financial products within the Terra ecosystem, including the native and governance tokens[2] within the Terra ecosystem, so-called "stablecoins," a bevy of financial products such as "mirrored assets," bonded assets, liquidity pool tokens, along with various protocols (*e.g.*, Anchor, Mirror, etc.) to support and facilitate their sale. These digital assets are collectively referred to as the "Terra Tokens" and are worth tens of billions of dollars in total market cap. All of TFL's decentralized applications are designed to manufacture a reason to use the Terra Tokens since there is no purpose for these digital assets other than as investments.

3. Plaintiff and the Class paid fiat and/or cryptocurrencies in exchange for the Terra Tokens with the expectation of profit from either an increase in the price of particular Terra Tokens like Luna and the mirrored assets or from receiving interest payments for staking UST or other TFL governance tokens. This expectation was based on the efforts of Defendants to maintain the Terra ecosystem. Defendants sell or sold the Terra Tokens from the retained supply and used the proceeds from the sales to fund TFL, to reward investors, and as governance tokens. Even though the Terra Tokens bear all the hallmarks of being investment contracts and, thus, securities under the *Howey* test, no registration statements have been filed with the SEC with respect to the various Terra Tokens.

[1] Akin to a company's charter, a "blockchain protocol" is a piece of code that operates as a set of regulations and guidelines that govern the functioning of various parts of a blockchain company's technology. Investors in TFL's digital assets can gain governance rights over the Terra blockchain protocol by purchasing and staking those assets much in the same way that an investor gains voting rights in a public corporation by owning that corporation's stock and voting at the shareholders' meeting.

[2] A "token" is a financial product that is contractually based (via a "smart" contract) and is created and uploaded permanently to a given blockchain. When investors purchase these products/contracts on a given blockchain, their expectation is that the general buying, selling, and exchanging of these tokens will function according to the terms of the original smart contract and in a manner similar to other tokens on the same blockchain. Thus, when a token owner transfers assets from one wallet address to another new wallet address, on the same blockchain, the owner reasonably expects that those assets will actually be transferred to the new wallet address. This expectation is much like an industry standard in that the same expectation applies to all current blockchains and tokens, not just the Terra blockchain.

4. On top of selling unregistered securities with the Terra Tokens, Defendants made a series of false and misleading statements regarding the largest Terra ecosystem digital assets by market cap, UST and LUNA, in order to induce investors into purchasing these digital assets at inflated rates.

5. TFL repeatedly touted the stability of UST as an "algorithmic" stablecoin that is paired to the Terra ecosystem's native token LUNA and the sustainability of the Anchor Protocol ("Anchor") – a type of high-yield savings account whereby investors can "stake" or deposit UST with TFL in exchange for a guaranteed 20% APY interest rate. As a part of this promotional campaign, TFL formed the Luna Foundation Guard – a group six venture capital groups that promised to support and fund the Terra ecosystem and to "defend the peg" in the event that high volatility caused the UST/LUNA pair to become untethered from one another. The Luna Foundation Guard and its members Jump Crypto, Tribe Capital, Republic Capital, GSR, DeFinance Capital, and Three Arrows Capital acted on behalf of TFL to promote the stability of UST and mislead investors into believing that (1) the Luna Foundation Guard's reserve pool would be sufficient to defend the peg against a proverbial run on the bank by UST/LUNA investors, and (2) that the Luna Foundation Guard would be able to maintain interest payments from the Anchor Protocol through a well-capitalized "Anchor Yield Reserve" fund.

6. These promotions, along with the announcement of financial backing of major venture capitalists in the sector, were a siren song to both veteran and rookie crypto investors alike, luring them in with a purportedly "stable" digital asset in UST that would nevertheless provide outsized returns on investment via Anchor. The marketing of UST and Anchor was so effective that approximately $14 billion of UST's market cap (75%) was deposited into Anchor at its peak.

7. Between May 6, 2022 and May 9, 2022, however, structural infirmities specific to the Terra ecosystem exposed a crack in UST's ability to maintain its peg to $1. The truth regarding the stability and sustainability of the UST/LUNA pair and the Anchor Protocol could not be hidden any longer from investors, and within a week, the price of UST and LUNA collapsed by approximately 91% and 99.7%, respectively.

PARTIES

Plaintiff

8. Plaintiff Nick Patterson ("Patterson") is a resident and citizen of Illinois, living in Chicago, Illinois. As set forth in the attached certification, Plaintiff Patterson purchased Terra Tokens, including UST, LUNA, ANC, Mirrored Assets, and Bonded Assets during the Relevant Period, and suffered investment losses as a result of Defendants' conduct.

Defendants

9. Defendant TerraForm Labs Pte. Ltd. ("TFL") is a Seoul-based company with its headquarters located at 80 Raffles Place, #32-01, UOB Plaza, Singapore 048624.

10. Defendant Jump Crypto is a limited liability company incorporated in Delaware, with its headquarters located at 600 West Chicago Avenue, Suite 600, Chicago, Illinois 60654. In addition to providing funding to TFL and the Luna Foundation Guard, Jump Crypto also contributed to Wormhole, a bridge between blockchains that can be used to transfer digital assets from one blockchain to another. Wormhole unleashes Terra assets, particularly UST, into the Solana blockchains' burgeoning DeFi ecosystem and presents a trust-minimized conduit for users to send assets between Terra and Ethereum as well. Upon information and belief, Jump Crypto used its relationship with Wormhole to secure a favorable exit from its UST/LUNA holdings prior to the complete collapse of the Terra ecosystem.

11. Defendant Jump Trading LLC is a limited liability company incorporated in Delaware, with its headquarters located at 600 West Chicago Avenue, Suite 600, Chicago, Illinois 60654.

12. Defendants Jump Crypto and Jump Trading LLC are collectively referred to as "Jump."

13. Defendant Republic Capital ("Republic") is a limited liability company with its headquarters located at 335 Madison Avenue, Suite 7E, New York, New York 10017.

14. Defendant Republic Maximal LLC is a limited liability company, incorporated in Delaware with its headquarters located at 335 Madison Avenue, Suite 7E, New York, New York 10017.

15. Defendants Republic Capital and Republic Maximal LLC are collectively referred to as "Republic."

16. Defendant Tribe Capital ("Tribe") is a limited liability company with its headquarters located at 2700 19th Street, San Francisco, California 94110.

17. Defendant DeFinance Capital/DeFinance Technologies Oy ("DeFinance") is a Finnish limited liability company with its headquarters located at Lönnrotinkatu 36 K 22, 00180 Helsinki, Finland.

18. Defendant GSR/GSR Markets Limited ("GSR") is a foreign limited company registered in Hong Kong, with its headquarters located at Suite 5508, 55th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

19. Defendant Three Arrows Capital Pte. Ltd. ("Three Arrows") is a Singapore-based company with its headquarters located at 7 Suntec Tower One 038987, 21-04 Temasek Blvd., Singapore.

20. Defendant Nicholas Platias is the Head of Research and a "founding member" of TFL, a member of the Governing Council of the Luna Foundation Guard, and one of the co-founders/creators of the Anchor Protocol. Platias served as a consultant and spokesman for TFL, the Luna Foundation Guard, and the Anchor Protocol, has exercised control over TFL and directed and/or authorized, directly or indirectly, the sale and/or solicitations of the Terra Tokens to the public.

21. Defendant Do Kwon is the co-founder and Chief Executive Officer of TFL and has been since 2018. Kwon is a resident of the Republic of Korea. Since its inception, Kwon has exercised control over TFL and directed and/or authorized, directly or indirectly, the sale and/or solicitations of the Terra Tokens to the public. Kwon graduated with a Bachelor of Science degree in computer science from Stanford University in California and travelled to the United States to conduct business on behalf of TFL, including to a digital asset and blockchain conference held in New York City in September 2021.

JURISDICTION AND VENUE

22. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §1332 because: (1) there are 100 or more (named or unnamed) class members; (2) there is an aggregate amount in controversy exceeding $5,000,000, exclusive of interest or costs; and (3) there is minimal diversity because Plaintiff and at least one Defendant are citizens of different states. This Court has supplemental jurisdiction over the state law claims pursuant to 28 U.S.C. §1367.

23. This Court may exercise jurisdiction over Defendants because they have continuous and systematic contacts with this District, do substantial business in this State and within this District, and engage in unlawful practices in this District as described in this Complaint, so as to subject themselves to personal jurisdiction in this District, thus rendering the exercise of jurisdiction by this Court proper and necessary.

24. TFL appears to be actively conducting business within this District. Significantly, Defendant Platias – a resident of California – is a founding member of TFL and serves as its Head of Research. Platias, along with Defendant Kwon, authored the April 2019 LUNA whitepaper[3] on behalf of TFL and serve as two of six members on the Luna Foundation Guard's Governing Council. The June 2020 whitepaper for the Anchor Protocol was also co-authored by Platias. Relatedly, Platias wrote the "Introducing Anchor" opening statement that was published by TFL on July 6, 2020.[4] As discussed at length below, the Anchor Protocol was at the primary driver of the Terra ecosystem's collapse. Thus, the source of the alleged misconduct related to the Anchor Protocol, UST, and LUNA, as well as numerous misleading statements made on behalf of TFL, occurred within California and impacted its residents.

25. In addition, as noted in court filings by the SEC concerning TFL's Mirrored Assets (discussed below), TFL's financial products "are offered and available for purchase by U.S. investors through Terraform's web application" as well as on digital asset trading platforms. TFL

[3] A "whitepaper" is a document created by blockchain companies that describe the project and the terms of its launch and operations. While whitepapers contain vastly less information than what is required in an SEC registration statement, they do represent the primary offering document for a blockchain-related project.

[4] Nicholas Platias, *Introducing Anchor*, MEDIUM (July 6, 2020), https://medium.com/terra-money/introducing-anchor-25d782cbb509.

and Individual Defendants Kwon and Platias promoted the Terra Tokens and related protocols through, among other means, TFL's website, web application, social media accounts, podcast interviews, and through U.S. media.[5]

26. TFL's origins are firmly rooted in California and began, upon information and belief, during Defendant Kwon's time at Stanford. For example, TFL has had several funding rounds since its inception in 2018. According to TFL, the majority of the "Early VC" and "Seed" investors were California businesses. For example, TFL received millions of dollars of start-up and maintenance funding from the following California entities:

a. Pantera Capital located in Menlo Park, California;

b. Lightspeed Venture Partners located in Menlo Park, California;

c. Blockchain.com Ventures located in Palo Alto, California;

d. TransLink Capital located in Palo Alto, California;

e. Coinbase Ventures located in San Francisco, California;

f. Polychain Capital located in San Francisco, California; and

g. Synapse Capital located in San Francisco, California.

27. Anchor Protocol has similarly received millions of dollars in start-up funding from the following California entities:

a. Alameda Research located in Berkeley, California;

b. Dragonfly Capital Partners located in San Francisco, California;

c. Pantera Capital located in Menlo Park, California; and

d. Naval Ravikant, an investor located in Palo Alto, California.

28. Likewise, one of the members of the Luna Foundation Guard – Defendant Tribe Capital – is also located in and operates out of San Francisco.

[5] *See, e.g.*, Michael P. Reagan, *Fake Tesla, Apple Stocks Have Started Trading on Blockchains*, BLOOMBERG NEWS (July 6, 2021), https://www.bloomberg.com/news/articles/2021-07-06/fake-teslaapple-stocks-have-started-trading-on-blockchains; *Our mission is to bring decentralized monies to as many blockchains as possible: Terraform Labs CEO*, YAHOO! NEWS (July 12, 2021), https://news.yahoo.com/mission-bring-decentralized-monies-many171201969.html.

29. Defendant Three Arrows Capital was initially established and headquartered in San Francisco, California, and maintains investments in several California-based cryptocurrency projects and businesses.

30. Venue is proper in this judicial District pursuant to 28 U.S.C. §1391(b) because certain Defendants live and/or conduct business in this District, therefore, a substantial part of the events or omissions giving rise to the claims alleged herein occurred in this District.

FACTUAL ALLEGATIONS

A. The Terra Ecosystem

1. TFL

31. TFL is a Seoul-based company founded in 2018 by Defendant Do Kwon and Daniel Shin that, as noted by the SEC in its own investigation into TFL's digital assets, "regularly transacts business in the United States, included by contracting with U.S.-based companies, such as a prominent digital asset-trading platform incorporated in Delaware. Several employees of [TFL] appear to reside in the United States, including Terraform's General Counsel (located in Pennsylvania), its Business Development lead (located in Texas), its Head of Research [Defendant Platias] (located in California), and its Director of Special Products (located in New York)."[6]

32. TFL operates the Terra blockchain, a platform upon which the Terra ecosystem's decentralized financial products and services are developed and supported. These products and services take the form of "decentralized applications" and protocols built by TFL. With respect to financial products, TFL has three main types of digital assets that it created: (1) tokens that are native to the Terra ecosystem; (2) stablecoins; and (3) the various Mirrored Assets, Bonded Assets, and LP Tokens.

33. According to South Korea's Supreme Court Registry Office court documents, Do Kwon dissolved TFL's headquarters on May 4, 2022, and the Seoul branch on May 6, 2022. The

[6] *SEC v. Terraform Labs PTE, Ltd.*, No. 1:21-mc-00810 (S.D.N.Y. Nov. 12, 2021), Declaration of Roger J. Landsman in Support of U.S. Securities and Exchange Commission's Application for an Order to Show Cause and for an Order Requiring Compliance with Subpoenas, ECF No. 4.

decision came following a general shareholder meeting on April 30, 2022, with Do Kwon acting as the liquidator.[7]

2. Do Kwon

34. *The New York Times* described Defendant Kwon as "a trash-talking entrepreneur" that caused a "$40 Billion Crash."[8] One of Kwon's go-to insults is to demean and delegitimize his detractors or critics of the Terra Tokens by dismissing them as "poor."

35. For example, on July 1, 2021, Kwon mocked a British economist, Frances Coppola, who criticized the algorithmic stablecoin model. Instead of addressing the concerns raised by Coppola, in particular, the charge that the algorithmic stablecoin model could not defend against a bank run, Kwon was dismissive and condescending, stating "I don't debate the poor on Twitter, and sorry I don't have any change on me for her at the moment."[9]

36. On December 30, 2021, the co-founders of a rival stablecoin, Maker DAO, posted a thread discussing predictions for the crypto sector in 2022. In particular, they predicted that "UST will collapse in a death spiral with LUNA hyper-inflating to try to cover the peg"[10] and gave the following tongue-in-cheek remarks: "Look, UST and MIM are solid ponzis and I respect that. You can make good money off them for sure. But they are not built for resilience and they are going to 0 once the market turns for real . . . . Now stop trying to scam users looking for actual stability into being ur exit liquidity."[11] When asked if he was willing to place a bet that the MakerDAO founders were wrong, Kwon simply replied "I don't gamble against the poor."

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[7] *See* Kevin Helms, *Do Kwon Dissolved Terraform Labs Korea Days Before Collapse of Terra LUNA, UST*, BITCOIN (May 19, 2021), https://news.bitcoin.com/dokwon-dissolved-terraform-labs-korea-days-before-collapse-of-terra-luna-ust/.

[8] David Yaffe-Bellany and Erin Griffith, *How a Trash-Talking Crypto Founder Caused a $40 Billion Crash* (May 18, 2022), https://www.nytimes.com/2022/05/18/technology/terra-luna-cryptocurrency-do-kwon.html.

[9] https://twitter.com/stablekwon/status/1410491186196795398?s=20&t=WhXnvJmqblLyJePqlaNsDQ.

[10] https://twitter.com/hexonaut/status/1476649894479753238?s=20&t=2n6IPnOxhcpLu7CoEnDtOg.

[11] https://twitter.com/RuneKek/status/1478166276979793922?s=20&t=2n6IPnOxhcpLu7CoEnDtOg.

37. In addition, UST/LUNA is not Kwon's first trip around the failed stablecoin block. Kwon has had similar failures with previous attempts to market and sell a stablecoin and thus he knew or should have known that his conduct with UST/LUNA was likely to mislead investors and cause them financial harm. For example, in 2021, Kwon launched the Basis Cash ("BAC") token, another algorithmic stablecoin project that sought and failed to maintain a $1 peg. A former engineer at Terraform Labs, Hyungsuk Kang, claimed that Basis Cash was a side project created by him and Do Kwon. Since Kwon's previous algorithmic stablecoin failed, it is possible that he could have anticipated UST's failure to maintain the peg.[12]

3. The Luna Foundation

38. On or around January 19, 2022, TFL announced the formation of the Luna Foundation Group – a Singapore-based non-profit organization – for the purpose of "facilitating the growth of the Terra ecosystem" and "improving the sustainability and stability of Terra's algorithmic stablecoins."[13]

39. The announcement noted previous criticisms directed towards algorithmic stablecoins like UST, but the Luna Foundation Guard downplayed the "misconception" that algorithmic Stablecoins are "unsustainable." The Luna Foundation Guard went on to state that a previous depegging that occurred in May 2021 was not a sign that UST was more unstable than disclosed, but rather, a learning opportunity that UST was able to capitalize on:

> By concentrating almost explicitly on bootstrapping the demand-side of algorithmic stablecoins, ***UST weathered a massive, reflexive drawdown in the LUNA price in May – learning important lessons and improving upon its design and adoption strategy***. Still, ***questions persist about the sustainability of algorithmic stablecoin pegs, which is something our community doesn't hide from and tackles head-on***.
>
> * * *
>
> In order to succeed, we need to continue supplementing the Terra economy with effective resources across multiple dimensions. These include everything from technical developer tooling to capital backing projects, educational materials

[12] Sam Kessler and Danny Nelson, *UST's Do Kwon Was Behind Earlier Failed Stablecoin, Ex-Terra Colleagues Say*, COINDESK (May 11, 2022), https://www.coindesk.com/tech/2022/05/11/usts-do-kwon-was-behind-earlier-failed-stablecoin-ex-terra-colleagues-say/.

[13] The Intern, *Formation of the Luna Foundation Guard (LFG)*, MEDIUM (Jan. 19, 2022), https://medium.com/terra-money/formation-of-the-luna-foundation-guard-lfg-6b8dcb5e127b#:~:text=We're%20pleased%20to%20announce,sustainability%20and%20stability%20of%20Terra's.

> helping onboard new users and builders, and innovative mechanisms to support algorithmic stablecoin models amid volatility.

[Emphasis added.]

40. The Luna Foundation Guard's so-called "core mandate" was to "buttress the stability of the UST peg and foster the growth of the Terra ecosystem. Building reserves that backstop the peg of algorithmic stablecoins amid volatility and funneling resources into research that further advances what's possible with stablecoins . . . ."

41. In addition to deploying "capital backing" to prop up TFL's stablecoins and Anchor Protocol, the Luna Foundation Guard also was tasked with providing funding and grants for builders, researchers, community members, and developers working "in the interest of the Terra economy categorized into 3 primary groups: Open-Source Technology Development, Research & Education, and Community Growth."

42. The Luna Foundation Guard is overseen and operated by a "Governing Council, initially comprised of the following leaders and experts in the industry, which will expand to include leading builders in the Terra ecosystem." The founding members of the Luna Foundation Guard's Governing Council included: Defendants Do Kwon and Nicholas Platias from TFL; Kanav Kariya, the President of Jump Crypto (one of the six venture capital groups comprising the Luna Foundation Guard); Remi Tetot, co-founder of RealVision TV; Jonathan Caras, the Project Lead at Levana Protocol; and José Maria Delgado co-founder of Delphi Digital.

43. The Luna Foundation Guard was initially funded with a 50 million LUNA gift on January 22, 2022, from TFL to "help bootstrap its stabilizing reserves and grants framework."

44. In February 2022, TFL announced that the Luna Foundation Guard closed a $1 billion private token sale for "use in establishing a UST Forex Reserve denominated in Bitcoin" to serve as collateral for the TFL stablecoins.[14] This was the first of several rounds of funding that the Luna Foundation Guard provided to the Terra ecosystem.

[14] Nick Rodriguez, *Luna Foundation Guard (LFG) Raises $1 Billion for a_ Bitcoin-Denominated Forex Reserve for Terra's UST Stablecoin*, PRWEB (Feb. 22, 2022),

4. The Terra Tokens

45. These various Terra Tokens are described further as follows:

a. Native and Governance Tokens

- LUNA – launched in or around April 2019, LUNAa tokens are the native token for TFL. The Terra protocol runs on a Proof of Stake (PoS) blockchain, where miners need to stake the native token Luna to mine Terra transactions. Luna tokens are also the pair to the UST algorithmic stablecoin.
- ANC – is the governance token for the Anchor Protocol and it is minted by TFL on the Terra blockchain. ANC "is designed to ***capture a portion of Anchor's yield, allowing its value to scale linearly with Anchor's assets under management (AUM)***. Anchor distributes protocol fees to ANC stakers pro-rata to their stake, benefitting stakers as adoption of Anchor increases . . . ."[15] ANC tokens are also "used as incentives to bootstrap borrow demand and provide initial deposit rate stability." Notably, 100M ANC tokens have been "allocated to the creators of Anchor" (including Kwon and Platias). Investors in the Anchor Protocol receive their 20% APY on their UST deposits in ANC tokens, which can be subsequently exchanged for other cryptocurrencies.
- $WHALE – Whale tokens are a "social" digital asset that is backed by both tangible and rare NFTs.
- ASTRO – Astro is a governance token for a DeFi protocol built on the Terra ecosystem.
- APOLLO – Apollo is a governance token for a DAO that "governs a War Chest for meta-governance and capital investments in decentralized ecosystems" like the Terra ecosystem.

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https://www.prweb.com/releases/luna_foundation_guard_lfg_raises_1_billion_for_a_bitcoin_denominated_forex_reserve_for_terras_ust_stablecoin/prweb18511880.htm.

[15] Anchor Token (ANC) whitepaper, https://docs.anchorprotocol.com/protocol/anchor-token-anc (last visited June 15, 2022).

- XDEFI – XDEFI is a token associated with a non-custodial wallet/digital asset wallet company that supports the Terra ecosystem.
- $MINE – MINE tokens are the native token for the Pylon Protocol, a suite of decentralized finance savings and payments products powered by yield redirection on the Terra blockchain.
- aUST – A token provided when UST tokens are deposited into Achor Protocol.
- vUST – An arbitrage UST token that aims to enforce the UST peg by exploiting arbitrage opportunities.
- MIR – Mirror Token functions as a governance-type token for the Mirror Protocol. It allows investors to interact with Mirrored Assets (discussed below).

46. Cryptocurrency markets are notoriously volatile, with intraday price and/or exchange rate swings of 10% in a few hours occurring regularly. These wild fluctuations make cryptocurrencies generally less suitable as a medium of exchange for routine transactions like purchases. Stablecoins purport to solve this problem by attempting to tie or "peg" their market value to an external collateral with less volatility, such as another currency (*e.g.*, U.S. dollars), commodity (*e.g.*, gold), or financial instrument (*e.g.*, stocks, cryptocurrencies, etc.). The price of a stablecoin (including those developed by TFL) is supposed to always remain at $1, and developers of these digital assets have devised two primary ways to maintain price stability: over-collateralization with fiat reserves[16] and algorithmic stablecoins.

b. Stablecoins

- UST – TerraUS is an algorithmic stablecoin that operates through a pair of tokens (the stablecoin itself and another digital asset that backs the stablecoin) and a smart contract that regulates the relationship between the two (*i.e.*, the algorithm). Instead of swapping UST for $1 in dollar reserves in with over-collateralized stablecoins, investors could exchange one UST stablecoin for $1 worth of TFL's LUNA. But in order to maintain UST's 1:1 parity with the U.S. dollar, TFL's algorithm mints

[16] Over-collateralized stablecoins maintain fiat reserves with enough cash or cash equivalents on hand to cover each respective stablecoin on a 1-to-1 basis. Similar kinds of stablecoins operate by using a cryptocurrency like Ether ("ETH") deposited into its smart contracts as the collateral.

and burns UST and LUNA to control the supply and keep the value of UST steady at $1, while at the same time incentivizing arbitrageurs to trade the UST back to its peg of $1 if it deviates. This latter mechanism creates an arbitrage opportunity meant to encourage arbitrageurs to trade the UST/LUNA pair in order to trigger the mint/burn process and thus, a return to $1.

- KRT – TerraKRT is a stablecoin pegged to the South Korean won.

c. Mirrored Assets

47. TFL also promotes and sells so-called "mirrored" or synthetic assets (a/k/a "mAssets"), which are essentially derivative products that track the price of a particular underlying asset. The mAssets "mirror" equity or other types of securities traded in the United States, including those traded on U.S. national securities exchanges, such as shares of Tesla, Inc. stock or the VIX etf, in that they are designed so that their value rises and falls with the value of those securities. The mAssets corresponding to those equities have been named as "mTesla" or "mVIXY." According TFL's website, "mAssets mimic the price behavior of real-world assets and give traders anywhere in the world open access to price exposure without the burdens of owning or transacting real assets."[17] Concurrently, TFL sells a MIR governance token to interact with the Mirrored Assets.

48. TFL's Mirrored Assets include, but are not limited to, the following:

- mBTC – Mirrored Bitcoin is a synthetic asset tracking the price of Bitcoin. It can be minted on TFL's Mirror Protocol, which references on-chain prices.
- mETH – Mirrored Ether is a synthetic asset tracking the price of Ethereum's native token, Ether. It can be minted on TFL's Mirror Protocol, which references on-chain prices.
- mVIXY – Mirrored ProShares VIX is a synthetic version of the VIX etf that tracks stock market volatility.

[17] https://terra.mirror.finance; What is Mirror? whitepaper, https://docs.mirror.finance (last visited June 15, 2022).

49. The SEC has already opened an investigation into TFL and Do Kwon over the sale of Mirrored Assets and the MIR token. *See SEC v. Terraform Labs PTE, Ltd.*, No. 1:21-mc-00810 (S.D.N.Y.). According to the SEC's court filings:

> The Commission's Mirror Protocol Investigation concerns, among other things, whether persons or entities have engaged in acts constituting violations of various provisions of the federal securities laws, including, but not limited to, Section 5 of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77e], prohibiting the unregistered offer or sale of securities; Section 6(l) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78f(l)], prohibiting any person from effecting transactions in a security-based swap with or for a person that is not an eligible contract participant unless such transaction is effected on a national security exchange; Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)], prohibiting acting as an unregistered broker or dealer; and Section 7(a) of the Investment Company Act of 1940 ("Investment Company Act") [15 U.S.C. § 80a–7], prohibiting securities transactions by unregistered investment companies, in connection with Terraform's involvement with the Mirror Protocol, including Terraform's participation in the creation, promotion, and offer to sell mAssets and MIR tokens to U.S. investors.[18]

d. LP Tokens

50. In some instances, TFL created an entirely new token derivative to the mirrored asset (or other digital assets in the Terra ecosystem) after a pair of digital assets is combined and staked with a protocol via a smart contract. Once the two assets are locked in, a new token gets minted often called a liquidity pool ("LP") token. These LP tokens are created for the purpose of providing liquidity for trading and funding for operations. TFL's LP tokens include, but are not limited to, the following:

- UST-mVIXY-LP – a LP token developed for staking UST with mirrored VIXY tokens.
- bLUNA-LUNA-LP – a LP token developed for staking bonded LUNA tokens with LUNA.
- XDEFI-UST-LP – a LP token developed for staking XDEFI with UST.
- MINE-UST-LP – a LP token developed for staking MINE with UST.

[18] *See* n.6, ¶3, *supra*.

e. Bonded Assets

51. As described in the Bonded Assets whitepaper on the Anchor Protocol website, one of Anchor's core products is the bAsset (bonded asset) – "liquid, tokenized representations of staked (bonded) assets in a [Proof-of-Stack] blockchain. They allow stakers to gain liquidity over their staked assets, enabling the locked value in staked assets to be utilized in financial applications such as Anchor."[19]

52. According to TFL's Head of Research and author of the LUNA and Anchor Protocol whitepapers, Platias "bAssets play a key role in Anchor towards offering a stable interest rate to Terra deposits."[20] And as the bAsset whitepaper clarified "Anchor's deposit rate subsidies are funded by bAsset rewards. bAsset rewards should be given out without interruption, as subsidies must be constantly distributed."[21]

53. The bAssets developed and sold by TFL include the following:

- bETH – bETH tokens accrue UST rewards, funded from the Ethereum staking rewards of stETH. "Every 24 hours, Ethereum staking rewards (in the form of stETH) are sold for UST, which are then transferred over to Terra and distributed to holders of bETH."[22] However, the bETH tokens must be staked within the Terra ecosystem to accrue those rewards.
- bLUNA – Bonded Luna tokens are bonded assets ("bAssets") built for the Terra blockchain, with their value backed by underlying LUNA delegations. "Delegation rewards, collected in various native token denominations (TerraUSD, TerraSDR, Luna, etc.), are swapped for [UST]. Swapped [UST] is then distributed pro-rata to bLuna holders."[23]

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[19] Bonded Asset (bAsset) whitepaper, https://docs.anchorprotocol.com/protocol/bonded-assets-bassets (last visited June 15, 2022).

[20] *See* n.4, *supra*.

[21] *See* n.19, *supra*.

[22] Bonded ETH (bETH) whitepaper, https://docs.anchorprotocol.com/protocol/bonded-assets-bassets/bonded-eth-beth (last visited June 15, 2022).

[23] Bonded Luna (bLUNA) whitepaper, https://docs.anchorprotocol.com/protocol/bonded-assets-bassets/bonded-luna-bluna (last visited June 15, 2022).

5. The Anchor Protocol

54. As for the protocols on the Terra ecosystem, TFL developed, among others, the Mirror Protocol (a trading platform for TFL's Mirror Assets launched around December 2020) and the Anchor Protocol, which launched in August 2020.

55. Anchor is by far the most popular protocol in the Terra ecosystem. In exchange for staking their UST with TFL in the Anchor Protocol, investors are promised a steady and reliable 20% interest rate return on their investments. TFL, in turn, lends out the staked UST to interested borrowers for interest payments and use of the borrowers' collateral.

56. Anchor's whitepaper states, in relevant part, the following regarding the "savings product" offered by TFL:

> Anchor implements a liquidation protocol designed to ***guarantee the principal of depositors. Deposits are safe insofar as all debts against them remain over-collateralized.***
>
> * * *
>
> Given cryptoassets have high price volatility, they may not be the ideal choice for users who seek passive income with low price exposure. Anchor offers a solution with Terra stablecoin money markets. Users who deposit Terra stablecoins will get stablecoins in return, thereby avoiding the high volatility of most cryptoassets. ***Anchor's deposit interest rate stabilization mechanism offers additional protection from volatility by providing stable returns***.[24]

[Emphasis added.]

57. TFL sells an algorithmic stablecoin called TerraUS ("UST") along with its native digital asset LUNA. These are two of TFL's largest digital assets by market capitalization, together reaching approximately $40 billion in worth.

58. In effort to continue to promote the stability of UST as a stablecoin, TFL announced the formation of the Luna Foundation Guard whose task it was to "defend the peg" of UST and maintain the stability of the Terra ecosystem.

[24] Nicholas Platias, *et al*., Anchor: Gold Standard for Passive Income on the Blockchain (June 2020), https://www.anchorprotocol.com/docs/anchor-v1.1.pdf.

59. The Luna Foundation Guard is funded by six venture capital firms: Jump Crypto, Tribe Capital, Republic Capital, GSR, DeFinance Capital, and Three Arrows Capital. The Luna Foundation Guard collectively raised $1 billion in an initial coin offering round from TFL.

60. On February 22, 2022, TFL announced the formation of the Luna Foundation Guard: Announcement of the $1 billion private token sales led by Jump Crypto and Three Arrows Capital, with participation from DeFinance Capital, Republic Capital, GSR, Tribe Capital, etc.

> 1/ One common criticism of algorithmic stablecoins is their reflexive nature and the hypothetical risk of a "bank run" scenario where demand to sell the stable outstrips supply in a way that causes compounding price decreases in both native tokens.
>
> 2/ Although the widespread adoption of $UST as a consistently stable asset through market volatility should already refute this, a decentralized Reserve can provide an additional avenue to maintain the peg in contractionary cycles that reduces the reflexivity of the system.[25]

B. The Terra Tokens Are Securities that the TFL Failed to Register Before Selling

1. Terra Tokens Are Securities

61. Under §2(a)(1) of the Securities Act, a 'security' is defined to include an "investment contract." 15 U.S.C. §77b(a)(1). An investment contract is "an investment of money in a common enterprise with profits to come solely from the efforts of others." *SEC v. W.J. Howey Co.*, 328 U.S. 293, 301 (1946). Specifically, a transaction qualifies as an investment contract and, thus, a security if it is: (1) an investment; (2) in a common enterprise; (3) with a reasonable expectation of profits; and (4) to be derived from the entrepreneurial or managerial efforts of others. *See United Hous. Found., Inc. v. Forman*, 421 U.S. 837, 852-53 (1975). This definition embodies a "flexible rather than a static principle, one that is capable of adaptation to meet the countless and variable schemes devised by those who seek the use of the money of others on the promise of profits," and thereby "permits the fulfillment of the statutory purpose of compelling full and fair disclosure relative to the issuance of 'the many types of instruments that in our commercial world fall within the ordinary concept of a security.'" *W.J. Howey*, 328 U.S. at 299 (citation omitted). Accordingly, in analyzing whether something is a security, "form should be disregarded for substance," and the emphasis

[25] Terra Powered by LUNA (@terra-money), TWITTER (Feb. 22, 2022), https://twitter.com/terra_money/status/1496162890369404933?lang=en.

should be "on the economic realities underlying a transaction, and not on the name appended thereto." *Forman*, 421 U.S. at 848-49.

62. As a threshold matter, TFL has not registered any offering of securities pursuant to the Securities Act, nor has it registered the Terra Tokens as a class of securities under the Exchange Act. TFL has also not registered with the SEC as a broker or dealer under §15(a) of the Exchange Act, or as an investment company under §7(a) of the Investment Company Act.

63. Investors who bought Terra Tokens invested money or other valuable consideration, in a common enterprise: namely, the Terra ecosystem. Investors had a reasonable expectation of profit based upon the efforts of the Defendants, including, among other things, Defendants obtaining favorable listings of their Terra Tokens on U.S.-based cryptocurrency exchanges, maintaining the stability of the Terra ecosystem.

64. In addition, the Terra Tokens qualify as a security under the *Howey* test for the reasons below.

a. Terra Token Investors Invested Money

65. Plaintiff and the Class invested fiat, including U.S. dollars, and digital currencies such as Bitcoin and Ethereum, to purchase the Terra Tokens.

66. The Terra Tokens were listed on U.S.-based cryptocurrency exchanges like Binance US and Kraken, which allowed retail investors to purchase the Terra Tokens with traditional and other digital currencies.

67. Defendants sold Terra Tokens to the general public through global, online cryptocurrency exchanges during its so-called launch.

68. Every purchase of Terra Tokens by a member of the public is an investment contract.

b. Terra Token Investors Were Intertwined in a Common Enterprise with Defendants

69. Additionally, investors were passive participants in the Terra Tokens' launch and the profits of Plaintiff and the Class were intertwined with those of Defendants and of other investors.

70. Defendants also were responsible for supporting the Terra Tokens, pooled investors' assets, and controlled those assets.

71. Further, Defendants held and/or hold a significant stake in the Terra Tokens, and thus shared in the profits and risk of the project.

c. Investors Purchased the Terra Tokens with a Reasonable Expectation of Profit from Owning Them

72. Investors in the Terra Tokens, including Plaintiff and the Class, made their investment with a reasonable expectation of profits. The Terra Tokens were sold to investors prior to the Terra ecosystem being fully developed and able to handle the scale and scope of TFL's operations. For pre-functional tokens, the primary purpose for purchasing Terra Tokens was to make a profit or accumulate additional Terra Tokens from various rewards programs, rather than to utilize the Terra Tokens themselves for a task.

d. Investors Expected Profits from the Terra Tokens to Be Derived from the Managerial Efforts of Defendants

73. Investors' profits in the Terra Tokens were to be derived from the managerial efforts of others – specifically, the Company and the Luna Foundation Guard. Terra Token investors relied on the managerial and entrepreneurial efforts of the Individual Defendants to manage, oversee, and/or develop the projects funded by sale of the Terra Tokens.

74. Purchasers of pre-functional tokens necessarily rely on the managerial efforts of others to realize value from their investments. The success of these managerial efforts in developing the networks on which these tokens will operate is the primary factor in their price, that is, until such tokens transition into being functional utility tokens.

75. Each of the Terra Tokens was a security at issuance because profit from the Terra Tokens would be derived primarily from the managerial efforts of Luna's teams developing the associated networks on which the Terra Tokens would function, rather than having their profit derived from market forces of supply and demand, such as might affect the price of a commodity such as gold (or Bitcoin).

76. Investors in Terra Tokens relied on the managerial and entrepreneurial efforts of the Luna Foundation Guard, the Company, and Defendants Kwon and Platias to manage, market, and develop the Terra ecosystem.

77. Defendants typically held themselves out to investors as experts in the blockchain and crypto field. Investors in the Terra Tokens reasonably expected TFL and the Luna Foundation Guard to provide significant managerial efforts to support the functionality and promotion of TFL's algorithmic stablecoin UST and LUNA.

78. Investors in Terra Tokens thus reasonably expected the Company and Individual Defendants to provide significant managerial efforts after the token launch.

79. This dependency, however, on the managerial efforts of the Company and Individual Defendants was not apparent at issuance to a reasonable investor. Considering the limited available information about how these Terra Tokens were designed and intended to operate, if such an investor was even able to interpret the relevant law at the time, a reasonable investor lacked sufficient bases to conclude whether the Terra Tokens were securities until the platform at issue, and its relevant "ecosystem," had been given time to develop. In the interim, the investor lacked the facts necessary to conclude – let alone formally allege in court – that the tokens she had acquired were securities. It was only after certain revelations that provided more information about Defendants' intent and UST/LUNA's algorithmic vulnerabilities that an investor could reasonably determine that a token that was advertised as something other than a security was a security all along.

2. Investors Would Not Reasonably Have Understood that Terra Tokens Were Securities

80. In connection with the sale of Terra Tokens, the Company and Luna Foundation Guard made statements that reasonably led Plaintiff and Class members to conclude that the Terra Tokens were not securities.

81. As a threshold matter, the Company refused to register Terra Tokens with the SEC, which indicated to investors that these were not securities. No such valid exemption from registration requirements exists for Terra Tokens.

82. Additionally, TFL created and developed numerous decentralized applications designed to create a use for the Terra Tokens, suggesting to investors that Terra Tokens were "utility tokens," rather than "security tokens" (which would be securities that would have to be registered with the SEC).

83. At the time of the Terra Token launch, Defendants took advantage of the market's lack of understanding and awareness concerning how cryptocurrency projects – particularly decentralized finance projects involving algorithmic stablecoins – work. Considering the new technology at issue and the Company's other statements, many investors were understandably unaware that Terra Tokens had fundamentally different features than other cryptocurrencies, which the SEC has determined are not securities.

84. Moreover, the UST/LUNA project was advertised as developing revolutionary and cutting edge blockchain technology and algorithmic stablecoins that were equally safe and reliable to other over-collateralized stablecoins on the market.

85. In addition to claiming UST/LUNA's technical superiority over other cryptocurrencies, the Company also indicated that it would benefit financially and use the funds raised through Terra Tokens to continue to enhance the Terra ecosystem-related products and support the growth of the project.

86. At the time of the Terra Tokens respective launches, Defendants took advantage of the market's lack of understanding and awareness concerning how this investment contract worked. With promises that Terra Tokens would be better than other cryptocurrencies, many individuals were unaware that Terra Tokens had fundamentally different features than other cryptocurrencies, including being more centralized than Bitcoin or Ethereum. One of these primary differences is that all Terra Tokens were issued by Kwon and the Company at creation at very little economic cost – and enormous potential upside – to them.

87. The creation of Terra Tokens by Defendant Kwon occurred through a centralized process, in contrast to Bitcoin and Ethereum. This would not have been apparent at issuance, however, to a reasonable investor. Rather, it was only after the passage of time and disclosure of additional information about the issuer's intent and process of management to arise that a

reasonable purchaser could know that he or she had acquired a security. Purchasers were thereby misled into believing that the Terra Tokens were something other than a security when they were a security.

88. Accordingly, it was not apparent to a reasonable investor, at issuance, that the Terra Tokens were securities under the law, and a reasonable investor would not have believed they were securities.

C. TFL and the Luna Foundation Guard Misled U.S. Investors Concerning the Stability of UST and LUNA, as Well as the Sustainability of Anchor

89. TFL and the Luna Foundation Guard promoted the Terra Tokens and Anchor Protocol through, among other means, TFL's website, web application, social media accounts, podcast interviews, and through U.S. media. The promotions all had the same talking points: stability and sustainability.

90. For example, on April 2019, Defendants Kwon and Platias released the LUNA whitepaper, which outlined TFL's blueprint for its algorithmic stablecoin and repeatedly claimed the TFL stablecoin is both price-stable and growth-driven.[26] Notably, the whitepaper concludes that LUNA's "stable rewards are designed to absorb volatility from changing economic cycles."[27]

91. In June 2020, TFL's Head of Research, Defendant Platias, released the Anchor Protocol whitepaper, which discussed the features and rewards of the protocol. The whitepaper described Anchor as:

> [A] savings protocol that accepts Terra deposits, allows instant withdrawals and pays depositors a low-volatility interest rate. To generate yield, Anchor lends out deposits to borrowers who put down liquid-staked PoS assets from major blockchains as collateral (bAssets). Anchor stabilizes the deposit interest rate by passing on a variable fraction of the bAsset yield to the depositor. It guarantees the principal of depositors by liquidating borrowers' collateral via liquidation contracts and third-party arbitrageurs.[28]

[26] Terra Whitepaper, https://whitepaper.io/document/587/terra-whitepaper (last visited June 15, 2022).

[27] *Id.*

[28] *See* n.24, *supra*.

92. In plain English, Anchor offered depositors a fixed annual return of 20% by redistributing fees from borrowers and rewards from other assets staked in Anchor. The whitepaper repeatedly refers to this 20% interest rates as "stable."

93. Platias subsequently authored the introductory blog post "Introducing Anchor," which was published by TFL on July 6, 2020.[29] In this post, Platias claimed that the Decentralized Finance ("DeFi") sector had "yet to produce a simple and convenient savings product with broad appeal outside the world of crypto natives." In response to this "pressing need," Platias introduced "Anchor, a savings protocol on the Terra blockchain," which offered investors "a ***principle-protected*** stablecoin savings product that accepts Terra deposits and pays a ***stable interest rate***."[30] Again, Platias promoted Anchor as "becom[ing] the gold standard for passive income on the blockchain."

94. Throughout the post, Platias described Anchor's interest rate as "stable" and offering a "low-volatility yield" with a "reliable rate of return."

95. Similarly, on March 17, 2021, the official Twitter account for the Anchor Protocol bragged that "Anchor is not your ordinary money market. ***The protocol offers stable, 20% APY interest to depositors*** and only accepts liquid staking derivatives as posted collateral by borrowers."[31] [Emphasis added.]

96. On April 23, 2021, the Anchor Twitter account again promoted the stability of Anchor's 20% interest yields: "Markets go down, $UST deposits on Anchor go up ☺ Stable 20% APY is a high-yield safe-haven in uncertain market conditions."[32]

97. On May 11, 2021, Anchor posted the following series of four tweets[33] promoting Anchor as the "gold standard for savings" and its "stable" 20% yields:

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[29] *See* n.4, *supra*.

[30] *Id*. (emphasis in original).

[31] Anchor Protocol (@anchor-protocol), TWITTER (Mar. 17,2021, 3:59 AM), https://twitter.com/anchor_protocol/status/1372140647268806658?s=20&t=_Up3bEZF-ILN48s5RmkoPQ.

[32] Anchor Protocol (@anchor-protocol), TWITTER (Apr. 22, 2021, 10:48 PM), https://twitter.com/anchor_protocol/status/1385470521165242368?lang=en.

[33] Anchor Protocol (@anchor-protocol), TWITTER (May 11, 2021, 7:48 PM), https://twitter.com/anchor_protocol/status/1392310768276676611.

> 1/ We're thrilled to announce the release of the Anchor Earn SDK – allowing third parties to seamlessly integrate ***20% yields on $UST to expand stable savings opportunities to a greater audience!***
>
> * * *
>
> 2/ The Anchor Earn SDK significantly expedites the integration process for teams who want to bring ***the benefit of stable Anchor savings*** to users on their crypto-based platforms. End-to-end integration possible in 7 lines of code or less."
>
> * * *
>
> 3/ Keep in mind that for teams who want to go beyond savings integrations and build out additional features on Anchor (e.g., dashboards), Anchor.js is still the way to go."
>
> * * *
>
> 4/ ***Anchor is the gold standard for savings – 20% yield for all***.

[Emphasis added.]

98. The Anchor Twitter account continued to promote Anchor that same day, remarking that TLF "Would love to see all Revolut users benefiting from ***stable Anchor yields***."[34] [Emphasis added.]

99. On December 26, 2021, Su Zhu, co-founder of Three Arrows, bragged about the future growth prospects of TFL's algorithmic stablecoin products: "We're seeing some of the earliest and most ambitious ideas in crypto starting to unfold. Crosschain decentralized stablecoin backed entirely by digitally native assets was the holy grail in 2016. Bless $BTC $LUNA."[35] Zhu went on to state that "Ppl down 50x more from selling early than from buying top this yr, and it's not even close. Sol, luna, avax, matic, axs, doge, shib, ftm list goes on. Tops are emotionally memorable bc plebs snapshot themselves to a portfolio ath, yet nobody buys top while everyone sells early."[36]

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[34] Anchor Protocol (@anchor-protocol), TWITTER (Mar 28, 2022, 5:35 PM), https://twitter.com/anchor_protocol/status/1392318396956438529.

[35] Zhu Su (@zhusu), TWITTER (Dec. 25, 2021, 9:49 PM), https://twitter.com/zhusu/status/1508603726143328256.

[36] Zhu Su (@zhusu), TWITTER (Dec. 25, 2021, 9:49 PM), https://twitter.com/zhusu/status/1474980708951027712.

100. On January 28, 2022, Jump's President, Kanav Kariya, posted a thread on Twitter discussing the "confusion and panic" concerning UST and the possibility that the Anchor yield could be impacted if a depegging event occurred. "It's difficult to imagine a sustained mass exodus to UST given the circumstances. In the event it occurs, there is potential for UST to be sold/burned and provide some downward pressure on Luna price. Worth noting that the UST supply is >$11B and UST in Abracadabra is ~$900M."[37] Kariya further stated, "A $450M contraction of the economy (assuming a highly conservative 50% don't find the UST useful anymore) should be manageable over a couple days and not impactful to prospects of the project. Crazily enough, on this 'bearish' day, there has been a net burn of LUNA."[38]

101. The promise of fixed high-double-digit yields drove rapid growth for both Anchor and TFL. However, when Anchor's revenues were lower than 20%, TFL mobilized funds from the Anchor Yield Reserve to pay out investors.

102. Anchor has consistently represented at least half of TFL's combined total value locked ("TVL"). This TVL had grown to $15B from $540M when Anchor first launched. The figure made Anchor the largest DeFi protocol by TVL in the Terra ecosystem and the fourth largest DeFi protocol across all blockchains, according to data from DeFi Llama. However, Anchor's Yield Reserve – the funding that TFL and the Luna Foundation Guard kept in reserve in case the fees Anchor received could not cover interest payments due to depositors – was depleting rapidly as demand for stablecoin yields rose and borrowing activity declined.

103. On February 8, 2022, a researcher at the crypto-related venture capital firm, Hashe, warned Anchor at its own governance forum that its Yield Reserve would only sustain the Anchor Protocol until roughly February 20, 2022, at which point a top-up of at least $436 million will be required to maintain the protocol's current yields until November 2022. This top-up is "a short-term solution to allow sufficient time for growth" while developers work on its v2 iteration "with improved ANC tokenomics and mechanism to incentivize borrows."

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[37] Zhu Su (@Zhusu), TWITTER (Jan. 27, 2022, 9:13 PM), https://twitter.com/KanavKariya/status/1486930299711897605.

[38] Zhu Su (@Zhusu), TWITTER (Jan. 27, 2022, 9:13 PM), https://twitter.com/KanavKariya/status/1486930300773056516.

104. Two days later, on February 10, 2022, Defendant Kwon announced that the Luna Foundation Guard's Governing Council had voted to capitalize the Anchor Yield Reserve by 450 million UST.

105. On February 22, 2022, the Luna Foundation Guard issued a press release announcing the closing of a private sale of $1B in mostly Bitcoin to "provide a further layer of support using assets that are considered less correlated to the Terra ecosystem . . . . The Reserve assets can be utilized in instances where protracted market sell-offs deter buyers from restoring the UST peg's parity and deteriorate the Terra protocol's open market arbitrage incentives."[39]

106. Defendant Platias also bragged that with the creation of the Luna Foundation Guard's UST Forex Reserve, '"the primary counter-argument for the sustainability of algorithmic stablecoins is eliminated."'[40] Platias was further quoted in the February 22, 2022 press release, stating that the '"UST peg is supported by a pool of decentralized liquid assets, which operate as a dynamic backstop driven by a transparent mechanism design and arbitrage forces during periods of sharp UST demand contraction."'[41]

107. Jump President and Luna Foundation Guard Governing Council member Kariya proclaimed in the press release that:

> UST Forex Reserve further strengthens confidence in the peg of the market's leading decentralized stablecoin UST . . . . It can be used to help protect the peg of the UST stablecoin in stressful conditions. This is similar to how many central banks hold reserves of foreign currencies to back monetary liabilities and protect against dynamic market conditions.[42]

108. That same day Jump endorsed Kariya's comments, stating: "As @KariyaKanav has mentioned, the UST Forex Reserve will strengthen confidence in the peg [g]iving users confidence by following central banks that hold a variety of foreign currencies to protect against severe market risks."[43]

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[39] *See* n.14, *supra*.

[40] *Id.*

[41] *Id.*

[42] *Id.*

[43] jump-crypto (@jump-), TWITTER (Feb 22, 2022, 10:05 AM), https://mobile.twitter.com/jump_/status/1496184268976013319.

109. Jump also promoted its relationship with TFL and the future prospects of UST on February 22nd: "We're excited to share our latest collaboration with @terra_money. . . . Our goal is to make DeFi more accessible and meaningful for everyone. . . . By making $UST more accessible we can create the decentralized finance world that keeps us moving forward."[44]

110. Defendant Kwon and Tribe Capital's co-founder, Arjun Sethi, were also actively promoting UST/LUNA on Twitter on February 22, 2022. Kwon touted the "$1B BTC reserve for $UST" as the "[l]argest ever cap formation in crypto" and how the Luna Foundation Guard had "plans to scale reserve to larger numbers."[45] Sethi reposted a thread from the Luna Foundation Guard official account announcing the $1 billion reserve funding, which stated, among other things, that UST was "a consistently stable asset through market volatility" and that the "hypothetical risk of a 'bank run'" was mitigated by the Forex Reserve's creation.[46]

111. On March 5, 2022, Three Arrows' Su Zhu posted the following message on his Twitter account: LFG $LUNA – "We are burning these 5m $Luna btw! . . . $ust #LUNAtics [3 rocket emojis],"[47] suggesting to investors that the burning of Luna would increase its scarcity and, in turn, its price.

112. On March 8, 2022, Kariya announced that "UST is in high demand atm and is generally trading at a premium."[48]

113. On or about March 10, 2022, two of TFL's early investors, Polychain Capital and Arca, proposed a cut to the yield rate in the Anchor Protocol. Luna Foundation Guard Governing Council members Kanav Kariya of Jump and José Marie Macedo of Delphi Digital, rejected the

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[44] jump-crypto (@jump-), TWITTER (Feb 22, 2022, 9:02 AM), https://mobile.twitter.com/jump_/status/1496168648356028420.

[45] Do Kwon (@stablekwon), TWITTER (Feb. 22, 2022, 8:59 AM), https://twitter.com/stablekwon/status/1496167757494501378?s=20&t=9ZHug_qPYc9X 2QZ8xjD16g.

[46] Terra Powered by LUNA (@terra-money), TWITTER (Feb 22, 2022), https://twitter.com/terra_money/status/1496162889085902856?s=20&t=USr52P30b_S0T0 of15Ewaw.

[47] Zhu Su (@zhusu), TWITTER (Mar. 5. 2022, 12:34 AM), https://twitter.com/zhusu/status/1500026883408158721.

[48] Kanav Kariya (@KanavKariya), TWITTER (Mar 8, 2022, 5:33 AM), https://twitter.com/KanavKariya/status/1501189252075429891.

proposal. Similarly, the Anchor Protocol's official Twitter account publicly endorsed another post voicing objections to the proposal.

114. Around the same time as Kariya was promoting the demand for UST and voting against reducing the Anchor Protocol's yield rate, a popular crypto trading personality on Twitter, @AlgodTrading ("Algod") publicly criticized LUNA as being a "[p]onzi" and disclosed his plan to short LUNA "with size." Importantly, Algod pointed out the vulnerabilities regarding the sustainability of UST and LUNA, noting that "more ust = = more pressure on Luna."[49]

115. As usual, instead of addressing a concern from a community member, Defendant Kwon used *ad hominem* attacks to deflect the criticism and to obscure the validity of the concern from investors. Among other things, Kwon repeatedly attempted to demean Algod as being "poor," presumably as a way to delegitimize Algod in the eyes of investors who may listen to Algod's criticisms. In particular, Kwon and Algod had the following exchange on Twitter on March 9, 2022:

[49] Algod (@AlgodTrading), TWITTER (Mar. 9. 2022), https://twitter.com/AlgodTrading/status/1501478496148803584?s=20&t=G1G6a0eShwc83i8-1iHV1Q.

116. Kwon did not disclose that Algod was, in fact, correct that Kwon and the other Defendants could not "keep fuel[ing] anchor." Kwon instead sought to undermine the prophetic criticism with mockery and bravado, even going so far as to place a $1 million bet with Algod on whether or not LUNA's price would be higher in a year.

117. Luna Foundation Guard member, Three Arrows via its co-founders Davies and Zhu, also made misleading statements regarding UST and the Anchor Protocol around the same time. For example, on March 17, 2022, Davies promoted UST, along with an implicit promotion of Anchor high interest yield, stating that UST is "backed by [Bitcoin], hardest money known to humanity, and has a nice fat yield."[50] Then on March 22, 2022, Davies stated that "UST is the only substantially decentralized stable coin of significant size."[51] Davies, however, failed to also advise investors that UST's growth and Anchor's yield were unsustainable and would likely cause a breakdown of the Terra ecosystem.

[50] Kyle Davies (@KyleLDavies), TWITTER (Mar. 16, 2022, 10:14 PM), https://twitter.com/KyleLDavies/status/1504325336439619586.

[51] Kyle Davies (@KyleLDavies), TWITTER (Mar. 21, 2022, 9:23 PM), https://twitter.com/KyleLDavies/status/1506124383827656708.

118. While not as crude as Kwon, Three Arrows' Zhu apparently shared Kwon's disdain for investors, calling those that sold for a loss "plebs" and chastising them for "selling early.[52] Zhu's suggestion to investors that they should continue hold their LUNA is particularly foul given that the Luna Foundation Governing Council, Three Arrows, and by extension, Zhu all knew well before March 2022 that LUNA, UST, and the Anchor Protocol was unstable and could not be sustained by the various reserve funds that the Luna Foundation Guard supposedly set up. Anyone that followed Zhu's advice would have suffered catastrophic losses only six weeks later when the collapse occurred.

119. On March 28, 2022, the head of research at the investment fund Arcane Crypto, Eric Wall, posted a thread on Twitter discussing how the 50 million LUNA that served as the initial funding for the Luna Foundation Guard came from the initial coin offering and why choosing to use non-renewable liquidity sources like the funding for the LUNA launch could be problematic for a so-called algorithmic stablecoin since it was "inherently unsustainable."[53] In the opening post of that thread, Wall stated:

> Don't mean to be a party pooper but I think Terra is making a mistake to use LUNA funds that originated from the ICO to build the [Luna Foundation Guard] reserve.
>
> The goal of $UST is to be (i) decentralized and (ii) sustainable.
>
> This reserve is neither of those two things.[54]

Kwon smugly retorted "I like to say things that are true and well informed, and i think after all this we can both agree this is neither of those things: But you know, you do you."

120. On April 7, 2022, the Luna Foundation Guard announced that it acquired $100 million in AVAX tokens to "help bolster its UST Decentralized Forex Reserve."[55] According to Defendant Platias, the purpose of the UST Reserve is '"to provide a backstop against UST peg

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[52] *See* n.36, *supra*.

[53] Eric Will (@ericwill), TWITTER (Mar. 28, 2022, 4:15 PM), https://twitter.com/ercwl/status/1508583607195082753?s=20&t=OUkuXvf42G8Inqg9vJe M6w.

[54] *Id.*

[55] Sarah Cohen, *LFG to Acquire $100M in Avax to Strategically Align Terra and Avalanche Ecosystems*, PRWEB (Apr. 7, 2022), https://www.prweb.com/releases/lfg_to_acquire_100m_in_avax_to_strategically_align_ terra_and_avalanche_ecosystems/prweb18577009.htm.

deviations in instances of sharp contractions of UST demand exogenous to Terra's algorithmic model . . . . By diversifying the base of non-correlated assets to major assets like BTC and AVAX, the UST Reserve offers a more robust asset pool to defend against volatility and alleviate pressure on the Terra protocol's open market arbitrage incentives."'[56]

121. On April 29, 2022, Davies of Three Arrows, proclaimed that "Memecoins may exhibit a Pareto distribution, but stablecoins are winner take all based on liquidity. There will be distribution only by significant differentiation. ***And for the holy grail, the decentralized stablecoin, the winner will be $UST $LUNA***."[57] [Emphasis added.]

122. On May 3, 2022, Zhu of Three Arrows even encouraged his Twitter following to take out loans using their Bitcoin as collateral, and he advised investors to then use the proceeds to buy UST and stake it in Anchor for the 20% yield. Seven days later, immediately following the UST collapse, this post was deleted. As noted in the article *Luna backer Su Zhu says UST collapse is 'Terra's DAO hack moment,'* "[a]nyone who had followed this advice and had not sold would have lost practically all of their money and would not be able to pay back the loan."[58]

123. Around the same time, Defendant Kwon himself continued to taunt "poor" crypto investors, making jokes during a May 3rd interview about how he reveled in idea of watching cryptocurrency project failed: "95% [of coins] are going to die, but there's also entertainment in watching [them] die too."

124. Four days later, the UST/LUNA death spiral began.

D. The Truth Emerges

125. Both the size of the deposits in Anchor and the ballooning interest payments owed to investors became too much for the Terra ecosystem to bear. In early May 2022, the house of cards came tumbling down after structural vulnerabilities within the Terra ecosystem precipitated a massive selloff of both UST and LUNA.

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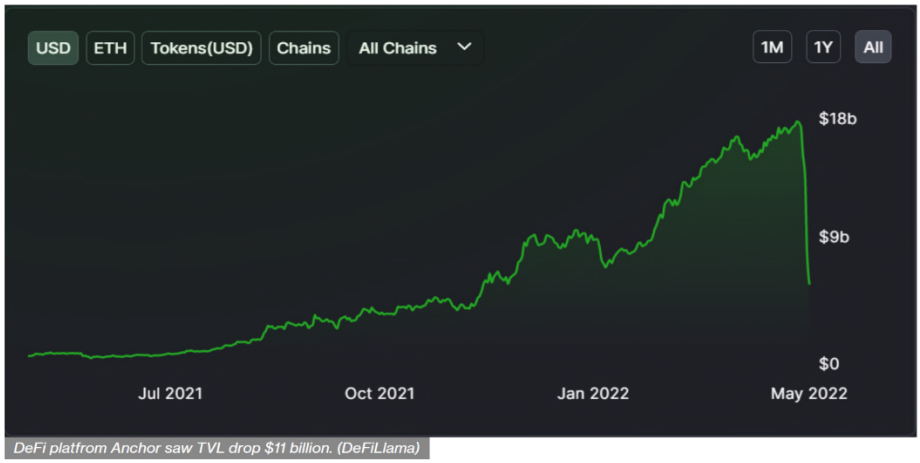
[56] *Id.*

[57] Kyle Davies (@KyleLDavies), TWITTER (April 29, 2022, 4:44 PM), https://twitter.com/KyleLDavies/status/1520006203861913600.

[58] Tim Copeland, *Luna backer Su Zhu says UST collapse is 'Terra's DAO hack moment'*, THE BLOCK (May 13, 2022), https://www.theblock.co/post/146783/luna-backer-su-zhu-says-ust-collapse-is-terras-dao-hack-moment.

126. The price of UST and LUNA Tokens dropped by 91% and 99.7% between May 7, 2022 and May 12, 2022, after it was revealed that TFL's largest digital assets were unstable and unsustainable.

127. As the following chart from CoinDesk[59] shows, the Anchor Protocol saw its total value locked ("TVL") ***fall by $11 billion*** between May 9, 2022 and May 11, 2022:



DeFi platfrom Anchor saw TVL drop $11 billion. (DeFiLlama)

128. LUNA's price crashed over 99.7% in less than a week, with the most violent drops occurring between May 9th and May 12th, as the following chart[60] demonstrates:

LUNA hovers above 10 cents at writing time. (TradingView)

59 Shaurya Malwa, *Terra's LUNA Drops to Almost $1 After 90% Weekly Plunge*, COINDESK (May 11, 2022), https://www.coindesk.com/markets/2022/05/11/terras-luna-drops-to-under-8-after-90-weekly-plunge/.

60 Shaurya Malwa, *Terra's LUNA Has Dropped 99.7% in Under a Week. That's Good for UST*, COINDESK (May 12, 2022), https://www.coindesk.com/markets/2022/05/12/terras-luna-has-dropped-997-in-under-a-week-thats-good-for-ust/.

322

129. UST faced similarly steep drops in price. Starting with the depegging between May 7, 2020 and May 9, 2020, UST fell from $1 to just $0.07 by May 25, 2022.

130. In a "post-mortem analysis" of the Terra ecosystem collapse, Luna Foundation Guard Governing Council member, Remi Tetot, admitted what TFL had denied all along – that the Anchor Protocol's 20% yield was not sustainable or stable despite constant statements to the contrary up until the collapse. Worse still, Defendants knew all along there was a significant risk of a death spiral if new investors were not continually brought in. Tetot revealed that the 20% yield was a marketing ploy to increase investment in the Terra ecosystem. The growth was too much and too fast for Anchor to handle, and TFL and the Luna Foundation Guard were unable to scale their hyped-up defense mechanisms sufficiently. Some of these defenses, like reserve pools, were not even ready despite promises otherwise. As a result of these failures, UST's vulnerability was increased, exposing it to exactly the type of collapse of UST that TFL's CEO Kwon previously scoffed at. In particular, Tetot candidly confessed:

> They called Luna a Ponzi because of the 20% yield on Anchor, while a proposal was being worked on to have new parameters and make the yield sustainable around 10–12%. Unfortunately, It didn't have time to make it . . . ***20% yield was essentially the marketing budget and the cost of customer acquisition, we knew it wasn't sustainable***, but I think it was acceptable for the time being, yield should have been dynamic as the system grow.
>
> * * *
>
> Looking back at it, the 20% yield was a mistake because it increased UST demand too quickly, and ***the defence mechanisms were not scaling at the same pace or were not ready yet*** (BTC Reserves, 4Pool); ***that growth didn't give time to the system to adjust accordingly and increased weaknesses***.
>
> I was too confident in 4Pool and BTC reserves; ***while the strategic moves were made, they were not technically ready, leaving room for what happened***.

[Emphasis added.]

131. Tetot later attempted to deflect the blame of the failure of TFL's algorithmic stablecoin to "human behavior" instead of the failures of Defendants. Tetot acknowledged that he had been "very vocal about LUNA" and "became an easy target once Luna crashed, and to be fair I earned it, so no hard feeling about it." Despite his own role in the misleading promotion of the

Terra ecosystem, Tetot still chastised "smaller investors" with "heartbreaking stories" about the fall of UST/LUNA: "It looks like many people put all their savings or took debt to participate in Anchor, which is insane, crypto is very risky and I would never recommend such behaviour (and never have!)." But this was precisely what Three Arrows' CEO Zhu advised investors to do just days before the collapse.[61] Just as hypocritically, while after the fact he called such behavior "insane," Tetot himself earlier admitted that "my entire crypto portfolio was into Luna, and I watched it melt from 8 digits to 0."

E. Guidance from the Regulators

1. The SEC's Investigation of TFL

132. As noted above, the SEC is already investigating TFL for, among other things, the sale of unregistered securities regarding TFL's Mirrored Assets and the MIR token. On May 7, 2021, the SEC issued an order directing TFL and Kwon to produce documents and provide testimony concerning the Mirror Protocol and its related tokens. In a declaration in support of the SEC's subsequent motion to comply with subpoenas, the SEC's investigating attorney, Roger J. Landsman, stated that, when asked by the U.S. counsel for TFL and Defendant Kwon what the Commission's "intentions" were with respect to the SEC's requests for information and documents, he disclosed the following:

> I explained that the SEC staff was investigating whether MIR tokens and mAssets were securities and ***had concerns these potential securities were being offered and sold in the United States in violation of the federal securities laws***, and further pointed out Terraform's contacts with the United States. For example, I explained that Terraform employees continued to promote the Mirror Protocol and its associated assets (the MIR tokens and mAssets) to investors located in the United States.

2. The SEC's 2019 Framework

133. On April 3, 2019, the SEC published its "Framework for 'Investment Contract' Analysis of Digital Assets" (the "Framework") in which it "provided a framework for analyzing whether a digital asset is an investment contract and whether offers and sales of a digital asset are securities transactions."

[61] *See* n.58, *supra*.

134. The Framework described how to analyze the various facts surrounding an ICO in making the determination of whether a given digital asset is a security.

135. In particular, the Framework provides that the "inquiry into whether a purchaser is relying on the efforts of others focuses on two key issues: Does the purchaser reasonably expect to rely on the efforts of an [Active Participant or "AP"]? Are those efforts 'the undeniably significant ones, those essential managerial efforts which affect the failure or success of the enterprise,' as opposed to efforts that are more ministerial in nature"?

136. The Framework further notes that the "stronger the[ ] presence" of the following factors, "the more likely it is that a purchaser of a digital asset is relying on the 'efforts of others.'"

137. The first factor the SEC looked at was whether an AP is responsible for the development, improvement (or enhancement), operation, or promotion of the network, particularly if purchasers of the digital asset expect an AP to be performing or overseeing tasks that are necessary for the network or digital asset to achieve or retain its intended purpose or functionality.

138. At the time of the Terra Tokens' respective launches, Defendants actively marketed the token launch and the Terra ecosystem, thereby necessitating the continued managerial efforts of the Company and Individual Defendants. Where the network or the digital asset is still in development and the network or digital asset is not fully functional at the time of the offer or sale, purchasers would reasonably expect an AP to further develop the functionality of the network or digital asset (directly or indirectly).

139. Another factor the Framework considers is whether the AP creates or supports a market for, or the price of, the digital asset. This includes, *inter alia*, whether the AP "(1) controls the creation and issuance of the digital asset; or (2) takes other actions to support a market price of the digital asset, such as by limiting supply or ensuring scarcity, through for example, buybacks, "burning," or other activities."

140. As noted above, all of the Terra Tokens in circulation were created at the direction of Kwon and TFL. Additionally, Kwon and Platias also created the protocols by which the Terra Tokens are burned.

141. The framework further states that "An AP has a continuing managerial role in making decisions about or exercising judgment concerning the network or the characteristics or rights the digital asset represents[.]"

142. Here, the Company and Individual Defendants have discussed the long-term prospects on years-long time frames, continually noting how the Luna ecosystem will "evolve" in the future.

143. The ability to determine whether and where the digital asset will trade is another factor discussed in the Framework. For example, "purchasers may reasonably rely on an AP for liquidity, such as where the AP has arranged, or promised to arrange for, the trading of the digital asset on a secondary market or platform."

144. Here, LUNA's whitepaper focuses extensively on the ability of the Terra Token smart contract to engineering trading of the Terra Token.

145. Another factor the Framework notes is whether the AP has the ability to determine who will receive additional digital assets and under what conditions. This could be, for example, "[m]aking or contributing to managerial level business decisions, such as how to deploy funds raised from sales of the digital asset."

146. Here, the Company, along with the Luna Foundation Guard, readily admitted that they are the arbiters of funding for Terra ecosystem, making other managerial judgments or decisions that will directly or indirectly impact the success of the network or the value of the digital asset generally.

147. The Framework also remarks that purchasers would reasonably expect the AP to undertake efforts to promote its own interests and enhance the value of the network or digital asset, including, but not limited to, the instances where the AP "has the ability to realize capital appreciation from the value of the digital asset. This can be demonstrated, for example, if the AP retains a stake or interest in the digital asset." According to the SEC, in these instances, "purchasers would reasonably expect the AP to undertake efforts to promote its own interests and enhance the value of the network or digital asset."

148. Here, several Defendants – including but not limited to Kwon, the Luna Foundation Guard, and Platias – retain a significant interest in the Terra Tokens.

3. SEC's Previous Statements and Findings

149. On May 7, 2021, on CNBC's '"Squawk Box"' television program, chairman of the SEC, Gary Gensler, stated that '"a lot of crypto tokens – I won't call them cryptocurrencies for this moment – ***are indeed securities*** . . . . "[62] [Emphasis added.] In addition to being the Chairman of the SEC, Mr. Gensler is also a world-renowned expert on cryptocurrencies and blockchain technology, having taught the "Blockchain and Money" course at the Sloan School of Management at the Massachusetts Institute of Technology ("MIT").[63]

150. In a June 14, 2018 speech entitled "Digital Asset Transactions: When Howey Met Gary (Plastic)" that is available on the SEC's website, the following observations were made on "when a digital asset transaction may no longer represent a security offering:" [64]

> If the network on which the token or coin is to function is sufficiently decentralized – where purchasers would no longer reasonably expect a person or group to carry out essential managerial or entrepreneurial efforts – the assets may not represent an investment contract. Moreover, when the efforts of the third party are no longer a key factor for determining the enterprise's success, material information asymmetries recede. As a network becomes truly decentralized, the ability to identify an issuer or promoter to make the requisite disclosures becomes difficult, and less meaningful.
>
> And so, when I look at Bitcoin today, I do not see a central third party whose efforts are a key determining factor in the enterprise. The network on which Bitcoin functions is operational and appears to have been decentralized for some time, perhaps from inception.

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[62] Jesse Pound, *SEC Chairman Gary Gensler says more investor protections are needed for bitcoin and crypto markets*, CNBC (May 7, 2021), https://www.cnbc.com/ 2021/05/07/sec-chairman-gary-gensler-says-more-investor-protections-are-needed-for-bitcoin-and-crypto-markets.html.

[63] Lectures and Materials from Chairman Gensler's MIT course are available to the public for free at: https://ocw.mit.edu/courses/sloan-school-of-management/15-s12-blockchain-and-money-fall-2018/video-lectures/session-1-introduction/.

[64] William Hinman, *Digital Asset Transactions: When Howey Met Gary (Plastic): Remarks at the Yahoo Finance All Markets Summit: Crypto*, SEC (Speech) (June 14, 2018), https://www.sec.gov/news/speech/speech-hinman-061418.

> A key factor in determining whether a digital asset is a security or not is whether the there is a centralized entity behind the digital asset.[65]

151. As discussed above, the circumstances surrounding the creation of the Terra Token demonstrate that an exceedingly small number of centralized insiders maintained exclusive control over the Luna project.

152. Finally, the SEC also already concluded that another virtual currency (*i.e.*, DAO tokens) that are substantially similar to Terra Tokens are "securities and therefore subject to the federal securities laws." As stated by the SEC, "issuers of distributed ledger or blockchain technology-based securities must register offers and sales of such securities unless a valid exemption applies."[66]

4. Other Commentary from Regulators

153. Stablecoins, in particular, have come under scrutiny by regulators recently, given the rapid growth of the $130 billion market.

154. For example, in June 202, Representative Warren Davidson from Ohio, one of crypto's loudest advocates on Capitol Hill, said that in his view, not all stablecoins should be treated as securities, but stablecoins that specifically are backed by securities should fall under the same sort of regulatory regime: '"if you've got a stablecoin that is essentially backed by securities, it gets hard to say that it's not a security."'[67]

CLASS ALLEGATIONS

155. Plaintiff brings this action, individually, and on behalf of a nationwide class, pursuant to Federal Rules of Civil Procedure 23(a), 23(b)(2), and/or 23(b)(3), defined as follows:

> All persons who, during the Class Period, purchased Luna's Terra Tokens and were subsequently damaged thereby.

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[65] *Id.* (noting that the "decentralized structure" of Bitcoin and Ethereum placed these digital assets outside the "disclosure regime of the federal securities laws").

[66] Press Release, *SEC Issues Investigative Report Concluding DAO Tokens, a Digital Asset, Were Securities*, SEC (July 25, 2017), https://www.sec.gov/ news/press-release/2017-131.

[67] Nikhilesh De, *State of Crypto: Stablecoin Rules are Coming*, COINDESK (July 20, 2021), https://www.coindesk.com/policy/2021/07/20/state-of-crypto-stablecoin-rules-are-coming/.

156. The Class Period is defined as the period between May 20, 2021 and May 25, 2022.[68]

157. Excluded from the Class are: (a) Defendants; (b) Defendants' affiliates, agents, employees, officers, and directors; (c) Plaintiff's counsel and Defendants' counsel; and (d) the judge assigned to this matter, the judge's staff, and any member of the judge's immediate family. Plaintiff reserves the right to modify, change, or expand the various class definitions set forth above, based on discovery and further investigation.

158. **Numerosity**: Upon information and belief, the Class is so numerous that joinder of all members is impracticable. While the exact number and identity of individual members of the Class is currently unknown, such information being in the sole possession of Luna and/or third parties and obtainable by Plaintiff only through the discovery process, Plaintiff believes, and on that basis alleges, that the Class consists of at least hundreds of people. The number of Class members can be determined based on TFL's and other third party's records.

159. **Commonality**: Common questions of law and fact exist as to all members of the Class. These questions predominate over questions affecting individual Class members. These common legal and factual questions include, but are not limited to:

a. whether the Terra Tokens are securities under the Securities Act;

b. whether the sale of Terra Tokens violates the registration of the Securities Act;

c. whether Defendants improperly and misleadingly marketed Terra Tokens;

d. whether Defendants' conduct violates the state consumer protection statutes asserted herein;

e. whether Luna Foundation Guard Defendants aided and abetted violations of the state consumer protection statutes asserted herein;

f. whether Individual Defendants conspired to artificially inflate the price of the Terra Tokens and then sell their Terra Tokens to unsuspecting investors;

[68] Plaintiff reserves the right to expand or amend the Class Period based on discovery produced in this matter.

g. whether Defendants have been unjustly and wrongfully enriched as a result of their conduct;

h. whether the proceeds that Defendants obtained as a result of the sale of Terra Tokens, rightfully belongs to Plaintiff and Class members;

i. whether Defendants should be required to return money they received as a result of the sale of Terra Tokens to Plaintiff and Class members;

j. whether Individual Defendants breached the implied covenant of good faith and fair dealing; and

k. whether Plaintiff and Class members have suffered damages, and, if so, the nature and extent of those damages.

160. **Typicality**: Plaintiff has the same interest in this matter as all Class members, and Plaintiff's claims arise out of the same set of facts and conduct as the claims of all Class members. Plaintiff's and the Class members' claims all arise out of TLF's uniform misrepresentations, omissions, and unlawful, unfair, and deceptive acts and practices related to the sale of Terra Tokens.

161. **Adequacy**: Plaintiff has no interest that conflicts with the interests of the Class and are committed to pursuing this action vigorously. Plaintiff has retained counsel competent and experienced in complex consumer class action litigation. Accordingly, Plaintiff and his counsel will fairly and adequately protect the interests of the Class.

162. **Superiority**: A class action is superior to all other available means of fair and efficient adjudication of the claims of Plaintiff and members of the Class. The injury suffered by each individual Class member is relatively small compared to the burden and expense of individual prosecution of the complex and extensive litigation necessitated by the Company's conduct. It would be virtually impossible for individual Class members to effectively redress the wrongs done to them. Even if Class members could afford individualized litigation, the court system could not. Individualized litigation would increase delay and expense to all parties, and to the court system, because of the complex legal and factual issues of this case. Individualized rulings and judgments could result in inconsistent relief for similarly situated individuals. By contrast, the class action

device presents far fewer management difficulties, and provides the benefits of single adjudication, economy of scale, and comprehensive supervision by a single court.

163. Defendants have acted or refused to act on grounds generally applicable to the Class, thereby making appropriate final injunctive relief and corresponding declaratory relief with respect to the Class as a whole.

CALIFORNIA LAW APPLIES TO THE ENTIRE CLASS

164. California's substantive laws apply to every member of the Class, regardless of where in the United States the Class members reside.

165. California's substantive laws may be constitutionally applied to the claims of Plaintiff and the Class under the Due Process Clause, 14th Amend. §1, and the Full Faith and Credit Clause, Art. IV §1, of the U.S. Constitution. California has significant contact, or significant aggregation of contacts, to the claims asserted by Plaintiff and all Class members, thereby creating state interests that ensure that the choice of California state law is not arbitrary or unfair.

166. Two of the Defendants (Platias and Tribe Capital) primarily reside in and operate out of California. In particular, upon information and belief, all of the promotional activities of Platias on behalf of TFL and the Luna Foundation Guard described above originated in, and were disseminated from, California. Additionally, Platias developed the Anchor Protocol and UST/LUNA tokens – which, as discussed in further detail above, was the subject of numerous misleading statements from Platias – entirely in California.

167. On information and belief, the decision-making regarding the parameters of the marketing strategy for the Terra Tokens occurred in, and/or emanated from California, where Platias and Tribe Capital are located. As such, the conduct complained of herein emanated from California. This conduct similarly injured and affected Plaintiff and all other Class members.

168. The application of California laws to the Class is also appropriate under California's choice of law rules because California has significant contacts to the claims of Plaintiff and the proposed Class, and California has a greater interest in applying its laws here than any other interested state.

FIRST CAUSE OF ACTION

Section 10(b) and Rule 10b-5
(Against All Defendants)

169. Plaintiff restates and realleges all preceding allegations above as if fully set forth herein.

170. Plaintiff incorporates the allegations above.

171. Plaintiff brings this claim for violations of §10(b) of the Exchange Act, 15 U.S.C. §78j(b), and Rule 10b-5(b) promulgated thereunder, 17 C.F.R. §240.10b-5(b).

172. Plaintiff brings this claim on behalf of all Class members who purchased Terra Tokens from May 20, 2021 to May 25, 2022.

173. The Terra Tokens are securities within the meaning of §2(a)(1) of the Securities Act, 15 U.S.C. §77b(a)(1). Defendants sold these securities to Plaintiff and the other Class members during and after the Terra Tokens respective launches.

174. Section 10(b) and Rule 10b-5(b) make it illegal, in connection with the purchase or sale of any security, "for any person, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails or of any facility of any national securities exchange . . . [t]o make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading."

175. Defendants carried out a plan, scheme, and course of conduct that Luna intended to and did deceive the retail investors – Plaintiff and the other Class members – who acquired Terra Tokens pursuant to the March 2021 launch offering and thereby caused them to purchase Terra Tokens at artificially inflated prices.

176. In connection with the March 2021 launch of Terra Tokens, Defendants disseminated, approved, and/or endorsed the false statements described herein, which these Defendants knew or recklessly should have known were materially misleading in that they contained material misrepresentations and failed to disclose material facts necessary in order to

make the statements made, in light of the circumstances under which they were made, not materially misleading.

177. Defendants employed devices, schemes, and artifices to defraud; made untrue statements of material fact and omitted to state material facts necessary to make the statements made not misleading; and engaged in acts, practices, and a course of business that operated as a fraud and deceit upon the Class members that resulted in artificially high market prices for Terra Tokens in connection with the March 2021 launch, in violation of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

Misrepresentations and Omissions

178. Defendants' untrue statements and omissions of material facts in connection with the sale of Terra Tokens include at least the following:

a) on March 17, 2021, the official Twitter account for the Anchor Protocol stated that "Anchor is not your ordinary money market. The protocol offers stable, 20% APY interest to depositors and only accepts liquid staking derivatives as posted collateral by borrowers." In order to make this statement not misleading, Defendants were required to, but did not, disclose that UST was not as "stable" as promoted, that the peg of UST/LUNA would be unable to be maintained during periods of high volatility in the market; and that Anchor's staking rewards program was unstainable and could not be maintained with the Anchor Yield Reserve fund.

b) On April 23, 2021, the Anchor Twitter account again promoted the stability of Anchor's 20% interest yields: "Markets go down, $UST deposits on Anchor go up ☺ Stable 20% APY is a high-yield safe-haven in uncertain market conditions."[69] In order to make this statement not misleading, Defendants were required to, but did not, disclose that UST was not as "stable" as promoted, that the peg of UST/LUNA would be unable to be maintained during periods of high volatility in the market; and that Anchor's staking rewards program was unstainable and could not be maintained with the Anchor Yield Reserve fund.

c) On May 11, 2021, in a series of four posts on the Anchor Protocol's official Twitter account, Defendants touted Anchor as the "gold standard for savings" and its "stable" 20%

[69] *See* n.32, *supra*.

yields. In order to make these statements not misleading, Defendants were required to, but did not, disclose that UST was not as "stable" as promoted, that the peg of UST/LUNA would be unable to be maintained during periods of high volatility in the market; and that Anchor's staking rewards program was unstainable and could not be maintained with the Anchor Yield Reserve fund.

d) On February 22, 2022, in a LFG press release, the Luna Foundation Guard announced the closing of a private sale of $1 billion in mostly Bitcoin to "provide a further layer of support using assets that are considered less correlated to the Terra ecosystem . . . . The Reserve assets can be utilized in instances where protracted market sell-offs deter buyers from restoring the UST peg's parity and deteriorate the Terra protocol's open market arbitrage incentives."[70] In order to make these statements not misleading, Defendants were required to, but did not, disclose that UST was not as "stable" as promoted, that the peg of UST/LUNA would be unable to be maintained during periods of high volatility in the market; and that Anchor's staking rewards program was unstainable and could not be maintained with the either the Forex Reserve Fund or the Anchor Yield Reserve fund.

e) In same press release, Defendant Platias stated that, with the creation of the Luna Foundation Guard's UST Forex Reserve, "the primary counter-argument for the sustainability of algorithmic stablecoins is eliminated."[71] Platias further stated that the "UST peg is supported by a pool of decentralized liquid assets, which operate as a dynamic backstop driven by a transparent mechanism design and arbitrage forces during periods of sharp UST demand contraction." In order to make these statements not misleading, Defendants were required to, but did not, disclose that UST was not as "stable" as promoted, that the peg of UST/LUNA would be unable to be maintained during periods of high volatility in the market; and that the Forex Reserve Fund would be unable to defend the UST/LUNA peg.

f) Also in that same press release, Kanav Kariya, President of Jump Crypto and member of the Luna Foundation Guard's Governing Council stated:

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[70] *See* n.14, *supra*.

[71] *Id.*

> The UST Forex Reserve further strengthens confidence in the peg of the market's leading decentralized stablecoin UST. . . . It can be used to help protect the peg of the UST stablecoin in stressful conditions. This is similar to how many central banks hold reserves of foreign currencies to back monetary liabilities and protect against dynamic market conditions.[72]

In order to make this statement not misleading, the Luna Foundation Guard was required to, but did not, disclose that UST was not as "stable" as promoted, that the peg of UST/LUNA would be unable to be maintained during periods of high volatility in the market; and that Anchor's staking rewards program was unstainable and causing the "stressful conditions" that would (and did) precipitate the de-pegging of UST and LUNA.

g) Luna Foundation Guard member, Three Arrows, via its co-founders Davies and Zhu, also made misleading statements regarding UST and the Anchor Protocol around the same time. On March 17, 2022, Luna Foundation Guard member, Three Arrows via its co-founder Davies promoted UST, along with an implicit promotion of Anchor high interest yield, stating that UST is "backed by [Bitcoin], hardest money known to humanity, and has a nice fat yield."[73] Then on March 22, 2022, Davies stated that "UST is the only substantially decentralized stablecoin of significant size."[74] In both instances Davies failed to also advise investors that UST's growth and Anchor's yield were unsustainable and would likely cause a breakdown of the Terra ecosystem. In order to make these statements not misleading Davies was required to, but did not, disclose that UST was not as "stable" as promoted, that the peg of UST/LUNA would be unable to be maintained during periods of high volatility in the market; and that Anchor's staking rewards program was unstainable and could not be maintained with the either the Forex Reserve Fund or the Anchor Yield Reserve fund.

h) On March 28, 2022, in an exchange on Twitter and in response to a direct criticism about the sustainability of TFL's algorithmic stablecoin, Kwon flatly denied that UST was unstainable, saying such claims were neither true nor well-informed. In order to make these statements not misleading, Defendant Kwon should have (but did not) disclose that UST was not

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[72] *Id.*

[73] *See* n.50, *supra*.

[74] *See* n.51, *supra*.

as "stable" as promoted, that the peg of UST/LUNA would be unable to be maintained during periods of high volatility in the market; and that Anchor's staking rewards program was unstainable and could not be maintained with the either the Forex Reserve Fund or the Anchor Yield Reserve fund.

i) On April 7, 2022, the Luna Foundation Guard announced that it acquired $100 million in AVAX tokens to "help bolster its UST Decentralized Forex Reserve." Additionally, Defendant Platias stated that the purpose of the UST Reserve was "to provide a backstop against UST peg deviations in instances of sharp contractions of UST demand exogenous to Terra's algorithmic model . . . . By diversifying the base of non-correlated assets to major assets like BTC and AVAX, the UST Reserve offers a more robust asset pool to defend against volatility and alleviate pressure on the Terra protocol's open market arbitrage incentives."[75] In order to make these statements not misleading, Davies was required to, but did not, disclose that UST was not as "stable" as promoted, that the peg of UST/LUNA would be unable to be maintained during periods of high volatility in the market; and that Anchor's staking rewards program was unstainable and could not be maintained with the Forex Reserve Fund.

Materiality

179. The forgoing misrepresentations and omissions were each material.

180. These misrepresentations and omissions related to: (i) the stability of the UST/LUNA algorithmic stablecoin pair, the Anchor Protol's yield rate, and the Terra ecosystem itself; (ii) the ability for the Luna Foundation Guard to defend and maintain the peg of UST/LUNA during periods of high volatility in the market; and (iii) the inability for TFL to support Anchor's yield rate the Anchor Yield Reserve fund.

181. Information regarding whether approximately the founders and Company Individuals could, intended to, and did sell their UST/LUNA Tokens, as Defendants' own public statements illustrate, are material – and they had a significant impact on the market price and trading volume for LUNA Tokens.

[75] *See* n.55, *supra*.

182. If a reasonable investor knew that TFL and its insiders collectively could and intended to sell a substantial percentage of the UST/LUNA Tokens in the event of a death spiral of the algorithmic stablecoin, then that investor would reasonably expect the price of UST/LUNA Tokens to be significantly lower than if Defendants could not or did not intend to sell their UST/LUNA Tokens on and immediately following a collapse. Indeed, Defendants' assurances that were continuing to hold their UST, LUNA, and other Terra Tokens reflect these Defendants' own admission of their materiality. Accordingly, there is a substantial likelihood that the disclosure of the omitted facts would have been viewed by the reasonable investor as having significantly altered the "total mix" of information made available.

Scienter

183. Defendants acted with scienter in engaging in the forgoing misconduct, in that they either had actual knowledge of the misrepresentations and omissions of material facts set forth herein or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them.

184. As one of the members of the Luna Foundation Guard's Governing Council, Remi Tetot, explicitly admitted, all of the Defendants knew before the May 2022 collapse that the algorithmic stablecoin pair UST and LUNA, along with the Anchor Protocol, was entirely unstable and unsustainable.

185. Defendants' failure to disclose such information demonstrates that these Defendants intended that they and their insiders would sell substantial amounts of UST/LUNA Tokens at significant profits while the price was artificially inflated on and during the weeks and months that followed their respective launches. These Defendants executed on that plan, too, by selling billions worth of LUNA Tokens on the market during that period.

186. Defendants knew that they had sold UST/LUNA Tokens on the market on and in the months that followed their respective launches. They likewise know that their current and former team members sold UST/LUNA Tokens.

187. Defendants had the motive not to disclose these facts because such disclosure would have been self-defeating – it would have massively lowered the selling price of the UST

and LUNA Tokens and thus effectively precluded TFL from using it in conjunction with UST as its algorithmic pair, Luna and its insiders from generating the profit they subsequently made. Defendants had the opportunity thus to generate ill-gotten gains because they controlled the distribution of the- UST/LUNA Tokens to themselves and their insiders and the extent to which any restrictions would be placed on such tokens.

Reliance, Economic Loss, and Loss Causation

188. As a result of the publication and dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the price of the UST/LUNA Tokens upon issuance, and for a period of time thereafter, was artificially inflated.

189. In ignorance of the fact that the price of UST /LUNA Tokens were artificially inflated, and relying directly or indirectly on the false, misleading, and materially incomplete statements that Defendants made and approved, or upon the integrity of the market in which the UST/LUNA Tokens were sold, or on the absence of material adverse information that these Defendants knew or recklessly should have known of but failed to disclose in public statement, Plaintiff and the other Class members acquired LUNA Tokens at artificially high prices and were damaged thereby.

190. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other Class members suffered damages in connection with the respective purchases of LUNA Tokens and are entitled to an award compensating them for such damages.

191. Indeed, the price of LUNA TOKENS dropped significantly as Defendants disclosed, and the market discovered, that: (1) UST was not as "stable" as promoted; (2) the peg of UST/LUNA would be unable to be maintained during periods of high volatility in the market; and (3) that both the UST/LUNA algorithmic stablecoin pair and Anchor's staking rewards program was unstainable and could not be maintained with the either the Forex Reserve Fund or the Anchor Yield Reserve fund:

(a) The price of UST and LUNA Tokens dropped by 91% and 99.7% in a week when it was revealed that TFL's largest digital assets were unstable and unsustainable.

192. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other Class Members have suffered damages in connection with their purchase or acquisition of UST/LUNA Tokens during the Class Period.

193. In addition, as a direct and proximate result of Defendants' wrongful conduct, Defendants has generated and retained ill-gotten in connection with the May 2022 collapse of UST/LUNA Tokens, such that Plaintiff and the other Class members are entitled to the disgorgement of Luna's ill-gotten gain from such misconduct.

SECOND CAUSE OF ACTION

Unregistered Offering and Sale of Securities in Violation of Sections 5 and 12(a)(1) of the Securities Act (Against TFL and the Individual Defendants)

194. Plaintiff restates and realleges all preceding allegations above as if fully set forth herein.

195. Plaintiff, on behalf of himself and all others similarly situated, realleges and incorporates herein by reference each and every allegation contained in the preceding paragraphs of this complaint, and further alleges as follows:

196. Defendants, and each of them, by engaging in the conduct described above, directly or indirectly, made use of means or instruments of transportation or communication in interstate commerce or of the mails, to offer to sell or to sell securities, or to carry or cause such securities to be carried through the mails or in interest commerce for the purpose of sale or for delivery after sale.

197. Terra Tokens are securities within the meaning of §2(a)(1) of the Securities Act, 15 U.S.C. §77b(a)(1).

198. Plaintiff and members of the Class purchased Terra Token securities.

199. No registration statements have been filed with the SEC or have been in effect with respect to any of the offerings alleged herein. No exemption to the registration requirement applies.

200. SEC Rule 159A provides that, for purposes of §12(a)(2), an "issuer" in "a primary offering of securities" shall be considered a statutory seller. 17 C.F.R. §230.159A(a). The

Securities Act in turn defines "issuer" to include every person who issues or proposes to issue any security. 15 U.S.C. §77b(a)(4). TFL is an issuer of Terra Tokens.

201. The U.S. Supreme Court has held that statutory sellers under §12(a)(1) also include "the buyer's immediate seller" and any person who actively solicited the sale of the securities to plaintiff and did so for financial gain. *See Pinter v. Dahl*, 486 U.S. 622, 644 n.21 647 (1988); *accord*, *e.g.*, *Steed Fin. LDC v. Nomura Sec. Int'l, Inc.*, No. 00 Civ. 8058, 2001 WL 1111508, at *7 (S.D.N.Y. Sept. 20, 2001). That is, §12(a)(1) liability extends to sellers who actively solicit the sale of securities with a motivation to serve their own financial interest or those of the securities owner. *Pinter*, 486 U.S. at 647; *Capri v. Murphy*, 856 F.2d 473, 478 (2d Cir. 1988). TFL and the Controlling Defendants are all statutory sellers.

202. By reason of the foregoing, TFL and the Individual Defendants violated §§5(a), 5(c), and 12(a) of the Securities Act, 15 U.S.C. §§77e(a), 77e(c), and 771(a).

203. As a direct and proximate result of TFL's and the Individual Defendants' unregistered sale of securities, Plaintiff and the Class have suffered damages in connection with their Terra Token purchases.

THIRD CAUSE OF ACTION

Violation of Sections 15 of the Securities Act (Against all Defendants)

204. Plaintiff, on behalf of himself and all others similarly situated, realleges and incorporates herein by reference, each and every allegation contained in the preceding paragraphs of this Complaint, and further alleges as follows:

205. This Count is asserted against TFL, the Luna Foundation, and Individual Defendants Platias and Kwon (collectively, the "Control Person Defendants") under §15 of the Securities Act, 15 U.S.C. §77o.

206. The Control Person Defendants, by virtue of their offices, ownership, agency, agreements or understandings, and specific acts were, at the time of the wrongs alleged herein, and as set forth herein, controlling persons within the meaning of §15 of the Securities Act. The

Control Person Defendants, and each of them, had the power and influence and exercised the same to cause the unlawful offer and sale of Terra Tokens securities as described herein.

207. The Control Person Defendants, separately or together, possess, directly or indirectly, the power to direct or cause the direction of the management and policies of TFL and the Luna Foundation Guard, through ownership of voting securities, by contract, subscription agreement, or otherwise.

208. The Control Person Defendants also have the power to direct or cause the direction of the management and policies of TFL and the Luna Foundation Guard.

209. The Control Person Defendants, separately or together, have sufficient influence to have caused Terra Tokens and/or the Company to submit a registration statement.

210. The Control Person Defendants, separately or together, jointly participated in Luna's failure to register Terra Tokens.

211. By virtue of the conduct alleged herein, the Control Person Defendants are liable for the wrongful conduct complained of herein and are liable to Plaintiff and the Class for rescission and/or damages suffered.

FOURTH CAUSE OF ACTION

Aiding and Abetting
California Common Law
(Against the Luna Foundation Guard Defendants)

212. Plaintiff restates and realleges all preceding allegations above as if fully set forth herein.

213. Under California law, aiding and abetting requires not agreement, but simply assistance. The elements of aiding and abetting liability have cited the elements of the tort, as they are set forth in the RESTATEMENT (SECOND) OF TORTS §876, and have omitted any reference to an independent duty on the part of the aider and abettor.

214. Under California law, '"[l]iability may . . . be imposed on one who aids and abets the commission of an intentional tort if the person (a) knows the other's conduct constitutes a breach of duty and gives substantial assistance or encouragement to the other to so act or (b) gives substantial assistance to the other in accomplishing a tortious result and the person's own conduct,

separately considered, constitutes a breach of duty to the third person."' *Neilson v. Union Bank of Cal., N.A.*, 290 F. Supp. 2d 1101, 1118 (C.D. Cal. 2003) (citations omitted).

215. "Unlike a conspirator, an aider and abettor does not 'adopt as his or her own' the tort of the primary violator. Rather, the act of aiding and abetting is distinct from the primary violation; liability attaches because the aider and abettor behaves in a manner that enables the primary violator to commit the underlying tort." *Id.* at 1134 (footnote omitted; citation omitted).

216. The Luna Foundation Guard are sophisticated, well-capitalized venture capitalists, and, as such, knew or should have known that the marketing strategy employed by the TFL and the Individual Defendants for the Terra Tokens was unlawful, deceitful, fraudulent, and/or violated the terms of the California state statutes described in this Complaint.

217. By promoting the Terra Tokens on their social media platforms and through their reported conduct, the Luna Foundation Guard and its agents provided assistance that was a substantial factor causing the UST/LUNA Tokens' price to both surge and do so long enough to allow all Defendants to sell their Terra Tokens for huge profits at the expense of their followers and investors. Without the help of the Luna Foundation Guard's activities, TFL and the Individual Defendants would have been unable to use the misleading marketing strategy devised by Kwon, and Defendants would not have been able to commit the violations of federal securities laws and California state consumer protection statutes alleged herein.

218. As a direct and proximate result of Promotor Defendants' unlawful, unfair, and deceptive practices, Plaintiff and Class members suffered damages. TFL and the Individual Defendants' activities with the Luna Foundation Guard caused Plaintiff and the Class members to purchase and/or hold the Terra Tokens when they otherwise would not have done so.

219. Plaintiff seeks to enjoin further unlawful, unfair, and/or fraudulent acts or practices by Luna, to obtain monetary damages, restitution and disgorgement of all monies generated as a result of such practices, and for all other relief allowed under California law.

FIFTH CAUSE OF ACTION

Common Law Conspiracy
(Against All Defendants)

220. Plaintiff restates and realleges all preceding allegations above as if fully set forth herein.

221. Beginning in April 2020, and continuously thereafter up to and including the date of the filing of the Complaint, the Individual Defendants and the agents and/or representatives of TFL did engage in the formation and operation of a conspiracy with the Luna Foundation Guard Defendants to misleadingly promote the Terra Tokens (in particular UST and LUNA Tokens) and Anchor Protocol to retail investors in order to artificially inflate the price and trading volume so that Defendants could sell their respective Terra Tokens for substantial profits.

222. As alleged above, each Defendant acted in furtherance of the conspiracy by, among other things, falsely promoting the Terra Tokens as sound investments with significant stability, sustainability, and growth potential while, in truth, the Defendants were selling their Terra Tokens for substantial profits without disclose the risk to investors.

223. As a proximate result of said conspiracy, as described in the foregoing paragraphs, Plaintiff suffered, continues to suffer, and will suffer in the future, the damages alleged herein.

224. For Defendants' conduct in the alleged conspiracy, Plaintiff seeks compensatory damages against all Defendants, and each of them, jointly and severely, in an as-yet undetermined amount; punitive damages, injunctive relief enjoining Defendants from continuing to falsely and misleadingly promote the Terra Tokens; and divestiture of all money wrongfully obtained, whether directly or indirectly, as part of the alleged conspiracy.

SIXTH CAUSE OF ACTION

Violation of the Racketeer Influenced and Corrupt Organizations Act ("RICO")
18 U.S.C. §§1961, *et seq*.
(Against all Defendants)

225. Plaintiff restates and realleges all preceding allegations above as if fully set forth herein.

226. This claim is brought on behalf of the class against Defendants for actual damages, treble damages, and equitable relief under 18 U.S.C. §1964 for violations of 18 U.S.C. §1962, *et seq*. Defendants are "person[s]" within the meaning of 18 U.S.C. §1961(3) who conducted the affairs of an enterprise through a pattern of racketeering activity, in violation of 18 U.S.C. §1962(c).

227. Plaintiff and the members of the Class are each "persons," as that term is defined in 18 U.S.C. §1961(3) who were injured in their business or property as a result of Defendants' wrongful conduct.

The TerraTerra Token Enterprise

228. Under 18 U.S.C. §1961(4), a RICO "enterprise" may be an association-in-fact that, although it has no formal legal structure, has (i) a common purpose; (ii) relationships among those associated with the enterprise; and (iii) longevity sufficient to pursue the enterprise's purpose.

229. Defendants formed such an association-in-fact enterprise, namely, the Terra Token Enterprise that included Kwon and Platias, along with TFL and the Luna Foundation Guard (and their respective agents). For the purpose of this claim, these Defendants are collectively referred to as the "RICO Defendants."

230. The Terra Token Enterprise is an ongoing and continuing business organization consisting of "persons" within the meaning of 18 U.S.C. §1961(3) that created and maintained systematic links for a common purpose: to ensure that the RICO Defendants could sell off their Terra Token holdings to retail investors at artificially inflated prices without their fraud being detected.

231. To accomplish this purpose, the Terra Token Enterprise periodically and systematically promoted the Terra Tokens – either affirmatively or through half-truths and omissions – to retail investors, including Plaintiff and the Class, that the Terra Tokens had real utility (as opposed to pure speculation). The Terra Token Enterprise concealed from investors, like Plaintiff and the Class members, that the Terra Tokens were not the sound investment that the RICO Defendants claimed. This scheme of the Terra Token Enterprise translated into increased

volume and more Terra Token investors buying at artificially inflated prices (and therefore, more profits) for the RICO Defendants.

232. The persons engaged in the Terra Token Enterprise are systematically linked through contractual relationships, financial ties, and continuing coordination of activities, as spearheaded by the Individual Defendants and the Luna Foundation Guard. There is regular communication between the RICO Defendants, in which information is shared. Typically, this communication occurred, and continues to occur, through the use of the wires and the mail in which RICO Defendants share information regarding various timing and content of promotional activities for the Terra Tokens. The RICO Defendants through their administration, funding, and execution of the scheme to misleadingly market the Terra Tokens each functioned as a continuing unit for the purposes of implementing, respectively, the Terra Token pump and dump scheme and, as set forth above, when issues arise during the scheme, the scheme's participants agreed to take actions to hide the scheme and continue its existence.

233. At all relevant times, Individual Defendants were aware of the conduct of TFL and the Luna Foundation Guard, were knowing and willing participants in that conduct, and reaped profits from that conduct. Individual Defendants concealed the members of the TFL leadership and founding team, which allowed the unidentified co-conspirators to sell their portion of the Float without any scrutiny or complaint. Individual Defendants represented to investors that UST/LUNA had staying power, long term value, and tremendous growth potential. But they knew that the conduct of the Luna Foundation Guard was artificially inflating the price of the Terra Tokens. Individual Defendants also knew, but did not disclose, that both the trading volume and price action for the Terra Tokens would plummet if the promotional activities ceased. The Luna Foundation Guard and TFL also knew that their promotional activities artificially caused spikes in the Terra Token price and trading volume, but likewise would not disclose the fraud. By failing to disclose this information, the RICO Defendants perpetuated the Terra Token Enterprise's scheme, and reaped substantial profits.

234. During the time that the Terra Tokens were being launched and first publicly marketed to retail investors it, the Individual Defendants were aware of the promotional activities

of the Luna FoundationGuard, were knowing and willing participants in that conduct, and reaped profits from that conduct. The Individual Defendants knew that using misleading marketing would result in lawsuits and even criminal charges. Accordingly, the Individual Defendants concealed the identities of the TFL insiders in order to escape detection and punishment for their participation in the Terra Token Enterprise. The RICO Defendants knew, but did not disclose, that they were promoting the Terra Tokens, then turning around and selling off their holdings as retail investors, like Plaintiff and the Class members, were buying in. The Individual Defendants and TFL knew, but did not disclose, that they were allowing the Luna Foundation Guard to engage in this fraud to the detriment of retail investors.

235. The RICO Defendants participated in the conduct of the Terra Token Enterprise, sharing the common purpose of inflating the price and trading volume of Terra Tokens in order to sell their respective portion of the Float for substantial profit, through a pattern of racketeering activity within the meaning of 18 U.S.C. §§1961(1) and (5), which includes multiple instances of mail fraud in violation of 18 U.S.C. §1341, and multiple instances of wire fraud in violation of 18 U.S.C. §1343. In the Terra Token Enterprise, the RICO Defendants knowingly made material misstatements to retail investors in furtherance of the fraudulent scheme regarding:

a. the ownership interests and identities of the TFL founders and insiders;

b. the timing and amount of Terra Token sales made by the RICO Defendants; and

c. the RICO Defendants' intent to sell their Terra Tokens after artificially inflating the price.

236. The Individual Defendants and TFL alone could not have accomplished the purpose of the Terra Token Enterprise without the assistance of the Luna Foundation Guard. For the Individual Defendants and TFL to profit from the scheme, the Luna Foundation Guard needed to use their influence to mislead investors into buying the Terra Tokens. And the Luna Foundation Guard Defendants did so. They then, through misrepresentations and failures to disclose material information, failed to disclose to investors that the Defendants were simultaneously selling their

Terra Tokens at inflated prices. Without these misrepresentations, the Terra Token Enterprise could not have achieved its common purpose.

237. The Terra Token Enterprise engaged in and affected interstate commerce because, *inter alia*, it created the Terra Tokens that were paid for by thousands of Class members throughout the United States.

238. The foregoing evidences that the RICO Defendants were each willing participants in the Terra Token Enterprise, that the Terra Token Enterprise had a common purpose and interest in the objective of the scheme, and functioned within a structure designed to effectuate the Enterprise's purpose, *i.e.*, through the Individuals' creation of the Terra Tokens, coupled with the Luna Foundation Guard's misleading promotion of the Terra Tokens.

239. During the Relevant Period, the RICO Defendants exerted control over the Terra Token Enterprise and participated in the operation or management of the affairs of the Terra Token Enterprise, directly or indirectly, in the following ways:

a. Controlling the burning and minting processes and mechanisms for the UST and LUNA liquidity pool;

b. The RICO Defendants concealed the identities of the leadership team behind TFL in order to get away with improperly promoting the Terra Tokens to investors;

c. The RICO Defendants concealed that they were causing the Terra Token price to artificially inflate in order to allow themselves to sell off their respective Terra Token holdings at that inflated price; and

d. The Individual Defendants and TFL expected and intended that the Luna Foundation Guard Defendants would (and did) distribute through the U.S. Mail and interstate wire facilities, communications that failed to disclose that the RICO Defendants were pumping up price and trading volume of Terra Tokens artificially.

240. The scheme had a hierarchical decision-making structure that was headed by the Individual Defendants and TFL. They controlled the minting of the Terra Tokens and directed the Luna Foundation Guard Defendants to misleadingly promote the Terra Tokens to their social media audiences.

241. The scheme devised and implemented by the RICO Defendants, as well as other members of the Terra Token Enterprise, amounted to a common course of conduct intended to (a) allow the RICO Defendants to artificially inflate the price of and trading volume for the Terra Tokens; and (b) sell their respective portion of the Float for a profit at the expense of Plaintiff and the Class members.

RICO Defendants' Pattern of Racketeering Activity

242. The RICO Defendants conducted and participated in the conduct of the affairs of the Terra Token Enterprise through a pattern of racketeering activity, including acts that are indictable under 18 U.S.C. §1341, relating to mail fraud, and 18 U.S.C. §1343, relating to wire fraud. The pattern of racketeering activity by the Terra Token Enterprise likely involved thousands of separate instances of use of the U.S. Mail or interstate wire facilities in furtherance of the unlawful HSP pricing scheme. Each of these fraudulent mailings and interstate wire transmissions constitutes "racketeering activity" within the meaning of 18 U.S.C. §1961(1)(B). Collectively, these violations constitute a "pattern of racketeering activity," within the meaning of 18 U.S.C. §1961(5), through which the RICO Defendants intended to defraud Plaintiff, members of the Class, and other intended victims.

243. Each instance of racketeering activity alleged herein was related, had similar purposes, involved the same or similar participants and methods of commission, and had similar results affecting similar victims, including Plaintiff and members of the class. The RICO Defendants calculated and intentionally crafted the Terra Token Enterprise to ensure their own profits remained high, without regard to the effect such behavior had on Plaintiff and members of the Class who would were buying the Terra Tokens at artificially inflated prices.

244. By intentionally and artificially inflating the Terra Token prices, and then subsequently failing to disclose such practices to the investors, the RICO Defendants engaged in a fraudulent and unlawful course of conduct constituting a pattern of racketeering activity.

245. The pattern of racketeering activity alleged herein was continuing until June 27, 2021.

The RICO Defendants' Use of the U.S. Mail and Interstate Wire Facilities

246. The Terra Token Enterprise engaged in and affected interstate commerce because it transmitted and published false and misleading information concerning the growth potential for Terra across state lines.

247. During the Class Period, the Terra Token Enterprise's unlawful conduct and wrongful practices were carried out by an array of employees, working across state boundaries, who necessarily relied upon frequent transfers of documents, communications, information, products, and funds by the U.S. Mail and interstate wire facilities.

248. The nature and pervasiveness of the fraudulent token promotion scheme, which was orchestrated by Individual Defendants, necessarily required those headquarters to communicate directly and frequently by U.S. Mail and interstate wire facilities.

249. Many of the precise dates of the Terra Token Enterprise's uses of the U.S. Mail and interstate wire facilities (and corresponding RICO predicate acts of mail and wire fraud) have been hidden and cannot be alleged without access to the Individual Defendants' or the Luna Foundation Guard Defendants. Indeed, an essential part of the successful operation of the Enterprise alleged herein depended upon secrecy. However, Plaintiff can generally describe the occasions on which the RICO predicate acts of mail fraud and wire fraud occurred, and how those acts were in furtherance of the scheme; Plaintiff describes this below.

250. The RICO Defendants' use of the U.S. Mail and interstate wire facilities to perpetrate the fraudulent promotion scheme involved thousands of communications throughout the Class Period including, *inter alia*:

a. Communications on official TFL, Luna Foundation Guard, and Anchor Protocol accounts on various social media platforms, including, but not limited to: Twitter, Reddit, Telegram, and Discord to investors, which occurred on a regular basis as investors like Plaintiff and Class members purchased Terra Tokens;

b. Written representations and telephone calls between Defendants regarding the promotion of Terra Tokens and the financial benefits to the RICO Defendants for doing so;

c. Written representations and telephone calls between any of the RICO Defendants and any cryptocurrency exchanges regarding the promotion of Terra Tokens and the financial benefits to the RICO Defendants for doing so;

d. Written representations and telephone calls between the RICO Defendants and the moderators of the TFL, Luna Foundation Guard, and Anchor Protocol social media accounts regarding the promotion of Terra Tokens and the financial benefits to the RICO Defendants for doing so;

e. Emails between the Defendants agreeing to or effectuating the implementation of the Terra Token fraud scheme;

f. Written and oral communications directed to retail investors that fraudulently misrepresented the growth potential for the Terra Tokens that were designed to conceal the scheme and deter investigations into the Terra Token Enterprise; and

g. Receipts of increased profits sent through the U.S. Mail and interstate wire facilities – the wrongful proceeds of the scheme.

251. In addition to the above-referenced RICO predicate acts, it was foreseeable to the Defendants would distribute publications through the U.S. Mail and by interstate wire facilities, and in those publications, conceal that the Terra Token price was fraudulently inflated.

Motive and Common Purpose

252. The RICO Defendants' motive and purpose in creating and conducting the scheme and the Enterprise(s) was to increase the price and trading volume for the Terra Tokens so that they could sell off their portion of the Float for grossly inflated prices. Each person joined in that common purpose because each person made more money the higher the Terra Token price rose and, as trading volume increased, the RICO Defendants would be able to sell off in the increased liquidity.

Damages Caused by the RICO Defendants' Marketing Fraud

253. The RICO Defendants violations of federal law and its pattern of racketeering activity have directly and proximately caused Plaintiff and Class members to be financially injured as a result of purchasing the Terra Tokens.

254. As described above, when the RICO Defendants executed the Terra Token promotional scheme, the result was an artificial increase in both price and trading volume of the Terra Tokens and Anchor protocol, respectively. When the Terra Token price and trading volume is artificially inflated, investors like Plaintiff and the Class overpay due to a fraudulent price.

255. Plaintiff's injuries, and those of the Class members, were proximately caused by the RICO Defendants' racketeering activity. But for the misleading statements and omissions made by the RICO Defendants, Plaintiff and others similarly situated would have paid less for the Terra Tokens.

256. Plaintiff's injuries were directly caused by the RICO Defendants' racketeering activity. The RICO Defendants' racketeering activity inflated the Terra Token price, which was ultimately paid for by Plaintiff and the other Class members.

257. Plaintiff and those similarly situated were most directly harmed by the fraud, and there is no other Plaintiff or class of plaintiffs better situated to seek a remedy for the economic harms to consumers from the RICO Defendants' fraudulent scheme.

258. By virtue of these violations of 18 U.S.C. §1962(c), the RICO Defendants are liable to Plaintiff for three times the damages he has sustained, plus the cost of this suit, including reasonable attorneys' fees.

SEVENTH CAUSE OF ACTION

Unjust Enrichment/Restitution
(California Common Law, in the Alternative)
(Against All Defendants)

259. Plaintiff restates and realleges all preceding allegations above as if fully set forth herein.

260. Plaintiff and members of the Class conferred a monetary benefit on Defendants by raising the price and trading volume of the Terra Tokens, which allowed Defendants to sell their Terra Tokens to Plaintiff and Class members at inappropriately and artificially inflated prices.

261. Defendants received a financial benefit from the sale of their Terra Tokens at inflated prices and are in possession of this monetary value that was intended to be used for the benefit of, and rightfully belongs to, Plaintiff and members of the Class.

262. Plaintiff seeks restitution in the form of the monetary value of the difference between the purchase price of the Terra Tokens and the price those Terra Tokens sold for.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff, individually, and on behalf of all others similarly situated, respectfully requests that this Court:

A. Determine that the claims alleged herein may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and issue an order certifying one or more of the Classes defined above;

B. Appoint Plaintiff as a representative of the Class and his counsel as Class counsel;

C. Declare that TFL and Individual Defendants offered and sold unregistered securities in violation of §§5(a), 12(a), and 15 of the Securities Act;

D. Award all actual, general, special, incidental, statutory, rescission, punitive, and consequential damages and restitution to which Plaintiff and the Class members are entitled;

E. Award post-judgment interest on such monetary relief;

F. Grant appropriate injunctive and/or declaratory relief;

G. Award reasonable attorneys' fees and costs; and

H. Grant such further relief that this Court deems appropriate.

JURY DEMAND

Plaintiff, individually and on behalf of the putative Class, demands a trial by jury on all issues so triable.

DATED: June 17, 2022

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Attorneys for Plaintiff and the Proposed Class

CERTIFICATION PURSUANT TO THE FEDERAL SECURITIES LAWS

I, Nick Patterson, hereby certify that the following is true and correct to the best of my knowledge, information and belief:

1. I have reviewed the Complaint in this matter and authorize Scott+Scott Attorneys at Law LLP to file lead plaintiff papers on my behalf.

2. I am willing to serve as a representative party on behalf of those who purchased or otherwise acquired unregistered LUNA and UST tokens and other Terra ecosystem securities during the Class Period (as defined in the Complaint), including providing testimony at deposition and trial, if necessary.

3. During the Class Period, I purchased and/or sold the securities that are the subject of the Complaint, as set forth in the Attached **Schedule A.**

4. I did not engage in the foregoing transactions at the direction of counsel nor in order to participate in any private action arising under the Securities Act of 1933 or Securities Exchange Act of 1934.

5. I have not sought to serve as a representative party on behalf of a class in the 3-year period preceding the date on which this certification is signed.

6. I will not accept any payment for serving as a representative party on behalf of the Class beyond the *pro rata* share of any recovery, except for such reasonable costs and expenses (including lost wages) directly relating to the representation of the Class, as ordered or approved by the Court.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Chicago, IL on 6/16/2022, 2022.

DocuSigned by:
nick patterson
869768BA70364EB...

Nick Patterson

SCHEDULE A OF TRANSACTIONS

Date	Transaction	Asset	Amount	Price Per Token/ SWAP Cost	Dollar Estimate
1/31/2022	Buy	LUNA	3.99	$51.97	$207.40
3/4/2022	Buy	LUNA	8	$91.03	$728.30
3/5/2022	Buy	LUNA	2.89	$82.44	$238.27
3/5/2022	Buy	LUNA	5	$82.37	$411.87
3/5/2022	Buy	LUNA	16.1	$87.14	$1,403.01
3/5/2022	Swap	UST	1058.92	13 LUNA	$1,058.93
3/5/2022	Swap	aUST	414.77	500 UST	$500.00
3/5/2022	Swap	ANC	50.79	278.25 UST	$278.25
3/5/2022	Swap	ANC-UST_LP	58.78	50.79 ANC	$278.25
3/5/2022	Swap	ANC-UST_LP	58.78	277.41 UST	$278.25
3/5/2022	Swap	UST	657.96	8.11 LUNA	$657.97
3/5/2022	Swap	XDEFI	223.23	162.73 UST	$162.74
3/5/2022	Swap	XDEFI-UST_LP	928.09	223.23 XDEFI	$162.74
3/5/2022	Swap	XDEFI-UST_LP	928.09	162.26 UST	$162.74
3/5/2022	Swap	aUST	276.23	333 UST	$333.00
3/5/2022	Swap	UST	1374.09	16 LUNA	$1,374.09
3/5/2022	Swap	MINE	3118.85	150.22 UST	$150.22
3/5/2022	Swap	MINE-UST_LP	341.12	3118.85 MINE	$150.22
3/5/2022	Swap	MINE-UST_LP	341.12	149.77 UST	$150.22
3/5/2022	Swap	aUST	580.43	700 UST	$700.00
3/10/2022	Buy	LUNA	40	$101.50	$4,060.24
3/10/2022	Buy	LUNA	16	$96.49	$1,543.97
3/10/2022	Swap	aUST	307.77	372 UST	$372.00
3/10/2022	Swap	UST	3976.02	40.27 LUNA	$3,976.02
3/10/2022	Swap	aUST	3288.35	3976 UST	$3,976.00
3/15/2022	Swap	UST	500	412.42 aUST	$500.00
3/15/2022	Swap	LUNA	5.42	500 UST	$500.00
3/18/2022	Swap	UST	12.48	13 APOLLO	$12.49
3/18/2022	Swap	aUST	9.58	11.63 UST	$11.63
3/18/2022	Reward	LUNA	0.0022	--	$0.19
3/20/2022	Swap	UST	505	415.34 aUST	$505.00

3/20/2022	Swap	UST	6.01	6.1 APOLLO	$6.02
3/20/2022	Swap	LUNA	1.04	95 UST	$95.00
3/21/2022	Swap	UST	1511.19	16 LUNA	$1,511.20
3/21/2022	Swap	UST	586.14	34.67 mVIXY	$586.15
3/21/2022	Swap	mVIXY	32.34	550 UST	$550.00
3/21/2022	Swap	UST-mVIXY_LP	62.52	542.60 UST	$542.61
3/21/2022	Swap	UST-mVIXY_LP	62.52	32 mVIXY	$542.61
3/21/2022	Swap	aUST	674.77	820.72 UST	$820.72
3/21/2022	Swap	UST	7.59	7.37 APOLLO	$7.60
3/24/2022	Buy	LUNA	20	$95.84	$1,916.99
3/24/2022	Swap	UST	1881.24	19.99 LUNA	$1,881.24
3/24/2022	Swap	aUST	1530.45	1864.01 UST	$1,864.01
3/24/2022	Swap	MINE	190.36	10.01 UST	$10.01
3/24/2022	Swap	MINE-UST_LP	21.74	190.36 MINE	$10.01
3/24/2022	Swap	MINE-UST_LP	21.74	9.98 UST	$10.01
3/25/2022	Reward	LUNA	0.0061	--	$0.57
4/4/2022	Swap	aUST	4.26	5.22 UST	$5.23
4/11/2022	Swap	UST	6.88	4.97 APOLLO	$6.88
4/11/2022	Swap	UST	12.36	9.10 APOLLO	$12.37
4/11/2022	Swap	aUST	487.84	600 UST	$600.00
4/11/2022	Swap	LUNA	0.18	9.53 MIR	---
4/12/2022	Buy	LUNA	15	$86.25	$1,293.78
4/12/2022	Swap	bLUNA	7.5	7.5 LUNA	---
4/12/2022	Swap	bLUNA-LUNA_LP	3.71	7.5 BLUNA	---
4/12/2022	Swap	BLUNA-LUNA_LP	3.71	7.41 LUNA	---
4/15/2022	Reward	LUNA	0.0061	--	$0.50
4/20/2022	Buy	LUNA	2.1	$94.45	$198.35
4/20/2022	Swap	UST	196.77	2.1 LUNA	$196.77
4/20/2022	Swap	UST	7.79	5.31 APOLLO	$7.79
4/20/2022	Swap	aUST	163.77	202.40 UST	$202.41

4/22/2022	Reward	LUNA	0.0061	--	$0.57
4/25/2022	Buy	LUNA	5	$96.53	$482.69
4/27/2022	Swap	UST	6.31	3.77 APOLLO	$6.31
4/27/2022	Swap	UST	43.80	.5 LUNA	$43.80
4/27/2022	Swap	WHALE	526.01	48.62 vUST	---
4/27/2022	Swap	vUST	39.05	425 WHALE	---
4/27/2022	Swap	UST	40.72	32.83 vUST	$40.72
4/27/2022	Swap	UST	200	161.2 aUST	$200.00
4/28/2022	Swap	UST	556.23	62.52 UST-mVIXY_LP	$556.24
4/28/2022	Swap	mVIXY	31.68	62.52 UST-mVIXY_LP	$556.24
4/28/2022	Swap	UST	10.60	9.02 MIR	$10.60
4/28/2022	Swap	UST	560.48	32.02 mVIXY	$560.49
4/28/2022	Swap	vUST	6736.15	8365.72 UST	$8,365.72
4/29/2022	Buy	UST	497.58	$1.0048	$500
4/29/2022	Reward	LUNA	0.0061	---	$0.52
4/29/2022	Swap	mVIXY	0.57	10 UST	$10.00
4/29/2022	Swap	mVIXY	0.57	10 UST	$10.00
5/3/2022	Swap	ASTRO	8.06	25 UST	$25.00
5/4/2022	Swap	mETH	0.0154	50 UST	$50.00
5/4/2022	Swap	aUST	804.714	1002 UST	$1002
5/4/2022	Swap	aUST	1591.76	1982 UST	$1982
5/5/2022	Buy	UST	11,624.31	$0.9956	$11,675
5/6/2022	Reward	LUNA	0.0061	---	$0.49
5/8/2022	Swap	mBTC	0.000848	35 UST	--
5/11/2022	Buy	LUNA	60	$7.86	$471.77
5/12/2022	Swap	UST	1251.30	1001.39 vUST	--
5/12/2022	Swap	UST	7184	5749.18 aUST	--
5/12/2022	Swap	UST	1.58	5.57 APOLLO	--
5/12/2022	Swap	UST	0.83	1.75 LUNA	--
5/12/2022	Swap	UST	5.08	9.9 APOLLO	--
5/12/2022	Swap	UST	45.07	0.015464 mETH	--

5/12/2022	Swap	UST	30.86	0.000848 mBTC	--
5/12/2022	Swap	UST	2994	2396.03 aUST	--
5/12/2022	Swap	mETH	1.00568	2986.07 UST	--
5/12/2022	Sell	UST	12,121.90	$0.4566	$5,534.93
5/13/2022	Reward	LUNA	0.0061	---	<$0.01
5/14/2022	Swap	ANC	145.08	61.42 ANC-UST_LP	--
5/14/2022	Swap	UST	110.58	61.42 ANC-UST_LP	--
5/14/2022	Swap	UST	110.58	145.08 ANC	--
5/14/2022	Swap	MINE	6498.90	417.03 MINE-UST_LP	--
5/14/2022	Swap	UST	107.80	417.03 MINE-UST_LP	--
5/14/2022	Swap	UST	107.47	6498.9 MINE	--
5/14/2022	Swap	XDEFI	159.93	1084.66 XDEFI-UST_LP	--
5/14/2022	Swap	UST	314.59	1084.66 XDEFI-UST_LP	--
5/14/2022	Swap	UST	313.55	159.93 XDEFI	--
5/14/2022	Swap	UST	1.25	6.66 APOLLO	--
5/14/2022	Swap	UST	0.009	0.01 ANC	--
5/14/2022	Swap	UST	2.16	1.17 MIR	--
5/14/2022	Swap	UST	22.55	1.14 mVIXY	--
5/14/2022	Swap	bETH	0.035674	635.71 UST	--
5/14/2022	Swap	bETH	0.0348	700 UST	--
5/14/2022	Swap	kUST	1497.41	0.070528 bETH	--
5/14/2022	Swap	UST	1404.67	1497.41 kUST	--
5/14/2022	Swap	bETH	0.004653	100 UST	--
5/14/2022	Swap	bETH	0.32206	7000 UST	--
5/14/2022	Swap	wETH	0.003271	60 UST	--

5/14/2022	Swap	kUST	6030.94	0.326713 bETH	--
5/14/2022	Swap	UST	5657.10	6030.94 kUST	--
5/14/2022	Swap	bETH	0.043317	700 UST	--
5/14/2022	Swap	ANC	428.33	500 UST	--
5/14/2022	Swap	bETH	0.293131	4500 UST	--
5/14/2022	Swap	bETH	0.035723	428.33 ANC	--
5/14/2022	Swap	UST	5271.24	0.372171 bETH	--
5/14/2022	Swap	ANC	72.48	100 UST	--
5/14/2022	Swap	bETH	0.007863	100 UST	--
5/14/2022	Swap	bETH	0.000722	10 UST	--
5/14/2022	Swap	kUST	2125.51	2000 UST	--
5/14/2022	Swap	mETH	0.724003	2000 UST	--
5/14/2022	Swap	bETH	0.153702	0.724003 mETH	--
5/14/2022	Swap	ANC	1450.13	0.154474 bETH	--
5/14/2022	Swap	UST	1.03	2.01 ASTRO	--
5/14/2022	Swap	UST	2022.16	2125.51 kUST	--
5/14/2022	Swap	bETH	0.203191	3050 UST	--
5/14/2022	Swap	ANC	1909.33	0.203191 bETH	--
5/14/2022	Swap	UST	5260.03	3431.95 ANC	--
5/14/2022	Swap	bETH	0.006806	100 UST	--
5/14/2022	Swap	ANC	33.36	50 UST	--
5/14/2022	Swap	UST	100.11	0.006806 bETH	--
5/14/2022	Swap	UST	49.02	33.36 ANC	--
5/14/2022	Swap	UST	33.13	0.003271 wETH	--
5/14/2022	Swap	mETH	0.211441	600 UST	--
5/14/2022	Swap	bETH	0.040938	0.211411 mETH	--
5/14/2022	Swap	kUST	622.92	0.040938 bETH	--
5/14/2022	Swap	ANC	399.87	622.92 kUST	--
5/14/2022	Swap	bETH	0.015176	150 ANC	--
5/14/2022	Swap	bETH	0.009901	100 ANC	--

5/14/2022	Swap	UST	379.86	0.025077 bETH	--
5/14/2022	Swap	ANC	295	445 UST	--
5/14/2022	Swap	bETH	0.041626	444.88 ANC	--
5/14/2022	Swap	UST	659.40	0.041626 bETH	--
5/14/2022	Swap	ANC	430.90	660 UST	--
5/14/2022	Swap	bETH	0.039925	430.9 ANC	--
5/14/2022	Swap	UST	634.60	0.039925 bETH	--
5/14/2022	Swap	ANC	398.88	600 UST	--
5/14/2022	Swap	bETH	0.038109	398.88 ANC	--
5/14/2022	Swap	UST	565.31	0.038109 bETH	--
5/14/2022	Swap	ANC	375.38	550 UST	--
5/14/2022	Swap	bETH	0.036111	375.38 ANC	--
5/14/2022	Swap	UST	517.61	0.036111 bETH	--
5/14/2022	Swap	LUNA	3466.59	10 UST	--
5/14/2022	Swap	LUNA	189119.6	550 UST	--
5/20/2022	Reward	LUNA	0.0061	---	<$0.01

CIVIL COVER SHEET

The JS-CAND 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved in its original form by the Judicial Conference of the United States in September 1974, is required for the Clerk of Court to initiate the civil docket sheet. *(SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)*

360

I. (a) PLAINTIFFS

Nick Patterson

(b) County of Residence of First Listed Plaintiff Cook County, Illinois
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys *(Firm Name, Address, and Telephone Number)*

John T. Jasnoch (CA 281605), Scott+Scott Attorneys at Law LLP, 600 W. Broadway, Suite 3300, San Diego, CA 92101; 619-233-4565

DEFENDANTS

TerraForms Labs PTE. Ltd., et al.

County of Residence of First Listed Defendant
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys *(If Known)*

II. BASIS OF JURISDICTION *(Place an "X" in One Box Only)*

- ☐ 1 U.S. Government Plaintiff
- ☒ 3 Federal Question *(U.S. Government Not a Party)*
- ☐ 2 U.S. Government Defendant
- ☐ 4 Diversity *(Indicate Citizenship of Parties in Item III)*

III. CITIZENSHIP OF PRINCIPAL PARTIES *(Place an "X" in One Box for Plaintiff and One Box for Defendant)*

(For Diversity Cases Only)

	PTF	DEF		PTF	DEF
Citizen of This State	☐ 1	☐ 1	Incorporated *or* Principal Place of Business In This State	☐ 4	☐ 4
Citizen of Another State	☐ 2	☐ 2	Incorporated *and* Principal Place of Business In Another State	☐ 5	☐ 5
Citizen or Subject of a Foreign Country	☐ 3	☐ 3	Foreign Nation	☐ 6	☐ 6

IV. NATURE OF SUIT *(Place an "X" in One Box Only)*

CONTRACT
- ☐ 110 Insurance
- ☐ 120 Marine
- ☐ 130 Miller Act
- ☐ 140 Negotiable Instrument
- ☐ 150 Recovery of Overpayment Of Veteran's Benefits
- ☐ 151 Medicare Act
- ☐ 152 Recovery of Defaulted Student Loans (Excludes Veterans)
- ☐ 153 Recovery of Overpayment of Veteran's Benefits
- ☐ 160 Stockholders' Suits
- ☐ 190 Other Contract
- ☐ 195 Contract Product Liability
- ☐ 196 Franchise

REAL PROPERTY
- ☐ 210 Land Condemnation
- ☐ 220 Foreclosure
- ☐ 230 Rent Lease & Ejectment
- ☐ 240 Torts to Land
- ☐ 245 Tort Product Liability
- ☐ 290 All Other Real Property

TORTS

PERSONAL INJURY
- ☐ 310 Airplane
- ☐ 315 Airplane Product Liability
- ☐ 320 Assault, Libel & Slander
- ☐ 330 Federal Employers' Liability
- ☐ 340 Marine
- ☐ 345 Marine Product Liability
- ☐ 350 Motor Vehicle
- ☐ 355 Motor Vehicle Product Liability
- ☐ 360 Other Personal Injury
- ☐ 362 Personal Injury -Medical Malpractice

PERSONAL INJURY
- ☐ 365 Personal Injury – Product Liability
- ☐ 367 Health Care/ Pharmaceutical Personal Injury Product Liability
- ☐ 368 Asbestos Personal Injury Product Liability

PERSONAL PROPERTY
- ☐ 370 Other Fraud
- ☐ 371 Truth in Lending
- ☐ 380 Other Personal Property Damage
- ☐ 385 Property Damage Product Liability

CIVIL RIGHTS
- ☐ 440 Other Civil Rights
- ☐ 441 Voting
- ☐ 442 Employment
- ☐ 443 Housing/ Accommodations
- ☐ 445 Amer. w/Disabilities–Employment
- ☐ 446 Amer. w/Disabilities–Other
- ☐ 448 Education

PRISONER PETITIONS

HABEAS CORPUS
- ☐ 463 Alien Detainee
- ☐ 510 Motions to Vacate Sentence
- ☐ 530 General
- ☐ 535 Death Penalty

OTHER
- ☐ 540 Mandamus & Other
- ☐ 550 Civil Rights
- ☐ 555 Prison Condition
- ☐ 560 Civil Detainee–Conditions of Confinement

FORFEITURE/PENALTY
- ☐ 625 Drug Related Seizure of Property 21 USC § 881
- ☐ 690 Other

LABOR
- ☐ 710 Fair Labor Standards Act
- ☐ 720 Labor/Management Relations
- ☐ 740 Railway Labor Act
- ☐ 751 Family and Medical Leave Act
- ☐ 790 Other Labor Litigation
- ☐ 791 Employee Retirement Income Security Act

IMMIGRATION
- ☐ 462 Naturalization Application
- ☐ 465 Other Immigration Actions

BANKRUPTCY
- ☐ 422 Appeal 28 USC § 158
- ☐ 423 Withdrawal 28 USC § 157

PROPERTY RIGHTS
- ☐ 820 Copyrights
- ☐ 830 Patent
- ☐ 835 Patent—Abbreviated New Drug Application
- ☐ 840 Trademark
- ☐ 880 Defend Trade Secrets Act of 2016

SOCIAL SECURITY
- ☐ 861 HIA (1395ff)
- ☐ 862 Black Lung (923)
- ☐ 863 DIWC/DIWW (405(g))
- ☐ 864 SSID Title XVI
- ☐ 865 RSI (405(g))

FEDERAL TAX SUITS
- ☐ 870 Taxes (U.S. Plaintiff or Defendant)
- ☐ 871 IRS–Third Party 26 USC § 7609

OTHER STATUTES
- ☐ 375 False Claims Act
- ☐ 376 Qui Tam (31 USC § 3729(a))
- ☐ 400 State Reapportionment
- ☐ 410 Antitrust
- ☐ 430 Banks and Banking
- ☐ 450 Commerce
- ☐ 460 Deportation
- ☐ 470 Racketeer Influenced & Corrupt Organizations
- ☐ 480 Consumer Credit
- ☐ 485 Telephone Consumer Protection Act
- ☐ 490 Cable/Sat TV
- ☒ 850 Securities/Commodities/ Exchange
- ☐ 890 Other Statutory Actions
- ☐ 891 Agricultural Acts
- ☐ 893 Environmental Matters
- ☐ 895 Freedom of Information Act
- ☐ 896 Arbitration
- ☐ 899 Administrative Procedure Act/Review or Appeal of Agency Decision
- ☐ 950 Constitutionality of State Statutes

V. ORIGIN *(Place an "X" in One Box Only)*

☒ 1 Original Proceeding ☐ 2 Removed from State Court ☐ 3 Remanded from Appellate Court ☐ 4 Reinstated or Reopened ☐ 5 Transferred from Another District *(specify)* ☐ 6 Multidistrict Litigation–Transfer ☐ 8 Multidistrict Litigation–Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing ***(Do not cite jurisdictional statutes unless diversity)***:
15 U.S.C. §78j(b); 15 U.S. C. §77e, 15 U.S.C. §77l

Brief description of cause:
Plaintiff alleges violations of the the Securities Exchange Act of 1934 and the Securities Act of 1933.

VII. REQUESTED IN COMPLAINT:

✔ CHECK IF THIS IS A **CLASS ACTION** UNDER RULE 23, Fed. R. Civ. P.

DEMAND $

CHECK YES only if demanded in complaint:
JURY DEMAND: ☒ Yes ☐ No

VIII. RELATED CASE(S), IF ANY *(See instructions):*

JUDGE DOCKET NUMBER

IX. DIVISIONAL ASSIGNMENT (Civil Local Rule 3-2)

(Place an "X" in One Box Only) ☒ **SAN FRANCISCO/OAKLAND** ☐ **SAN JOSE** ☐ **EUREKA-MCKINLEYVILLE**

DATE 06/17/2022 **SIGNATURE OF ATTORNEY OF RECORD** s/ John T. Jasnoch

INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS-CAND 44

Authority For Civil Cover Sheet. The JS-CAND 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved in its original form by the Judicial Conference of the United States in September 1974, is required for the Clerk of Court to initiate the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

I. a) Plaintiffs-Defendants. Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.

b) County of Residence. For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)

c) Attorneys. Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)."

II. Jurisdiction. The basis of jurisdiction is set forth under Federal Rule of Civil Procedure 8(a), which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.

(1) United States plaintiff. Jurisdiction based on 28 USC §§ 1345 and 1348. Suits by agencies and officers of the United States are included here.

(2) United States defendant. When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.

(3) Federal question. This refers to suits under 28 USC § 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.

(4) Diversity of citizenship. This refers to suits under 28 USC § 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked**.** (See Section III below; **NOTE: federal question actions take precedence over diversity cases.**)

III. Residence (citizenship) of Principal Parties. This section of the JS-CAND 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.

IV. Nature of Suit. Place an "X" in the appropriate box. If the nature of suit cannot be determined, be sure the cause of action, in Section VI below, is sufficient to enable the deputy clerk or the statistical clerk(s) in the Administrative Office to determine the nature of suit. If the cause fits more than one nature of suit, select the most definitive.

V. Origin. Place an "X" in one of the six boxes.

(1) Original Proceedings. Cases originating in the United States district courts.

(2) Removed from State Court. Proceedings initiated in state courts may be removed to the district courts under Title 28 USC § 1441. When the petition for removal is granted, check this box.

(3) Remanded from Appellate Court. Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.

(4) Reinstated or Reopened. Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.

(5) Transferred from Another District. For cases transferred under Title 28 USC § 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.

(6) Multidistrict Litigation Transfer. Check this box when a multidistrict case is transferred into the district under authority of Title 28 USC § 1407. When this box is checked, do not check (5) above.

(8) Multidistrict Litigation Direct File. Check this box when a multidistrict litigation case is filed in the same district as the Master MDL docket.

Please note that there is no Origin Code 7. Origin Code 7 was used for historical records and is no longer relevant due to changes in statute.

VI. Cause of Action. Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC § 553. Brief Description: Unauthorized reception of cable service.

VII. Requested in Complaint. Class Action. Place an "X" in this box if you are filing a class action under Federal Rule of Civil Procedure 23.

Demand. In this space enter the actual dollar amount being demanded or indicate other demand, such as a preliminary injunction.

Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.

VIII. Related Cases. This section of the JS-CAND 44 is used to identify related pending cases, if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

IX. Divisional Assignment. If the Nature of Suit is under Property Rights or Prisoner Petitions or the matter is a Securities Class Action, leave this section blank. For all other cases, identify the divisional venue according to Civil Local Rule 3-2: "the county in which a substantial part of the events or omissions which give rise to the claim occurred or in which a substantial part of the property that is the subject of the action is situated."

Date and Attorney Signature. Date and sign the civil cover sheet.

Vitalik Buterin Makes Fun of 3AC[362] Founder Zhu Su's Superyacht Used to Impress Investors

In his most recent post, Ethereum creator Vitalik Buterin urged large crypto-related companies and investors to put some funds into the Gitcoin grant, which allows small developers to start their own projects in Web3.

But instead of simply asking everyone for a donation to Round 14 of the funding, Vitalik Buterin referred to the most recent insider information appearing in the crypto space about the fact that the founder of Three Arrows Capital obtained a superyacht to impress investors.

But the most ridiculous part of the story is that Zhu Su used borrowed money to make a massive purchase which, later on, was not covered by Three Arrows Capital because of the enormous pressure put on their non-collateralized positions and their further liquidation.

In addition to not owning the funds he used to purchase the yacht, Zhu showed off the ownership of the superyacht, while not actually having it in person, as it was only scheduled to be delivered to him.

Hero of 2018 Crypto Bearmarket Returns and Provides Bitcoin Chart No One Expected

For urging more donors to send money to the funding round, Buterin suggested getting "big beautiful statues" for each donor in the Metaverse to honor their contributions to the Web3 industry.

The developer also has not missed a chance to throw a jab at the biggest NFT collection in the world, Cryptopunk NFTs, and praised another project that supports the public good and urged other projects and collections in the space to follow the example of the project he mentioned.

Unfortunately, the last few months or even weeks were not as good for Ethereum as was expected following the liquidation and margin call series experienced by large institutional investors, including Three Arrows Capital and Celsius.

Crypto billionaire Zhu Su in early stage of buying S$49m GCB as trustee for 3-year-old

News

December 17, 2021

366

The Business Times –

SINGAPOREAN crypto billionaire Zhu Su is understood to be in the early stage of buying a bungalow in Yarwood Avenue on 31,862 square feet of land for S$48.8 million.

The price works out to S$1,532 per square foot (psf) on the land area. On the 999-year leasehold site is an old 2-storey bungalow with 6 bedrooms that is understood to be leased currently. It is ripe for redevelopment.

Zhu and his wife, Tao Yaqiong Evelyn, who has a PhD in biology from the National University of Singapore, were recently granted an option to buy the Yarwood property, in the Kilburn Estate Good Class Bungalow (GCB) Area – as trustee for a nearly 3-year-old child.

All 3 are Singapore citizens.

Bungalows in the 39 gazetted GCB Areas are the most prestigious form of landed housing in Singapore, with strict planning conditions stipulated by the Urban Redevelopment Authority to preserve their exclusivity and low-rise character. One generally has to be a Singapore citizen to be allowed to acquire a landed property in a GCB Area.

Zhu and Tao are understood to be residing in a strata landed home in the Balmoral area owned by Zhu.

Zhu is regarded as one of the most prominent crypto investors in the world. He and his Columbia University mate Kyle Davies, now also a Singaporean, left their jobs as traders at Credit Suisse in 2012 to found Singapore-based crypto hedge fund Three Arrows Capital.

The fund started off trading traditional currencies in emerging markets, according to a Bloomberg report in May. It later diversified into cryptocurrencies and became one of the early adopters of Bitcoin and Ethereum, benefiting from the global spike in investor interest later on.

Three Arrows is also the largest investor in DeFiance Capital, which invests in decentralised finance. The fund has invested in popular blockchain game Axie Infinity, and Mark Cuban-backed Mintable, a Singapore-based non-fungible token (NFT) startup.

Zhu and Davies, along with influential pseudonymous NFT collector Vincent Van Dough, also started the Starry Night Capital NFT fund.

The pair is among the crop of young millionaires and billionaires minted from the spectacular rise of cryptocurrencies. The price of Bitcoin, the largest cryptocurrency by market value, surged to an all-time high of over US$68,000 last month.

Zhu has an active presence on Twitter, where he has expressed bullishness on cryptocurrencies including Dogecoin and Ethereum challenger Avalanche. Together with a crypto researcher and writer who goes by the pseudonym Hasu, he hosts a podcast called Uncommon Core that explores the ins and outs of the crypto world.

Zhu and Tao have been granted the option to buy the Yarwood bungalow by a company owned by 3 members of the Guok family linked to Soon Lee Holdings.

Earlier this year, the family is understood to have sold Zion Mansion, a low-rise apartment block on a site with dual frontages on Holland Rise and East Sussex Lane, for S$56.7 million, or about S$1,325 psf on land area of 42,770 sq ft. The property is within the Holland Rise GCB Area.

Boutique property agency Realstar Premier founder William Wong described the S$1,532 psf for the Yarwood property as a “fair price for the seller, given that the buyers will most likely need to redevelop the entire house as it is already more than 20 years old”. “The redevelopment land cost for this area is in the range of S$1,400-1,600 psf in the current market.”

SRI co-founder Bruce Lye said: “If you are looking for a GCB plot of more than 25,000 sq ft to redevelop, this is one of the more fairly-priced sites.”

Neither SRI nor Realstar were involved in the transaction.

Video: What is a Good Class Bungalow? Go to bt.sg/gcb

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TAGS: GCB, PROPERTY NEWS

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370

SINGAPORE TITLES AUTOMATED REGISTRATION SYSTEM
(S T A R S)

Lot Number	: MK16-99900N
Property Address	: 25 YARWOOD AVENUE SINGAPORE 587997
Lot Area	: 2960.1 SqM
Final Plan	: CP 8540
Approved On	: 06/11/1950
State Title Tenure	: LEASEHOLD ESTATE
Lease Duration	: 999 Years
Commencement Date	: 26/03/1885
State Title Expiry Date	: 25/03/2884
State Title No	: LEASE 5095
State Title Date	: 21/12/1951
Title Document Number	: CT VOL 236 FOL 104
Title Document Status	: LIVE
Share Comprised in Title Document	: Whole
Instrument Nature	: TRANSFER
Instrument Number	: IH/101348P
Last Contract Date	: 15/12/2021
Share in Land Transferred	: Whole
Known Encroachment	: No

CAUTION:
Information on share in land transferred may not be conclusive due to amalgamation and subdivision of land etc. If you need to verify further, you can request for a copy of the instrument shown in the printout from this portal. Where the “Known Encroachment” indicator is “Yes”, please check that you have both the title and encroachment information printouts.

==========

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[b] Data on the cor-relation of the property address to the lot is not administered by the Commissioner of Lands, Registrar of Titles and Chief Surveyor and therefore they are not responsible for the incorrect cor-relation (if any).

Certificate of Title
Volume 236 Folio 104

Ref No : C/17528

PAGE 1
Edition 1
Number of Updates 0
dated 10 MAR 2022

This is to certify that the person described as proprietor hereto is the registered proprietor of the estate in the land hereinafter described SUBJECT to any subsisting exceptions, reservations, covenants and conditions contained or implied in the undermentioned State Title and SUBJECT also to the encumbrances and interests registered or notified in this folio and section 46 of the Land Titles Act.

========== ESTATE AND LAND DESCRIPTION ==========

Land Tenure : LEASEHOLD ESTATE
Lease Duration : 999 Years
Commencement Date : 26/03/1885
State Title Expiry Date : 25/03/2884
State Title No : LEASE 5095
State Title Date : 21/12/1951

Lot No	Area(Sq M)	*Certified Plan No	Area Type
MK16-99900N	2960.1	CP 8540	--

*Plan filed in Chief Surveyor's Office

Certificate of Title
Volume 236 Folio 104

Ref No : C/17528

PAGE 2
Edition 1
Number of Updates 0
dated 10 MAR 2022

PARTICULARS OF PROPRIETOR AND ADDRESS

JOINT TENANTS

Capacity :IN TRUST

ID No :S8776088Z
Name :ZHU SU
Address :26 BALMORAL ROAD
SINGAPORE 259827
Citizen of / Place Incorpd :SINGAPORE
Instrument :TRANSFER IH/101348P Registered on 10/03/2022

ID No :S8785902I
Name :TAO YAQIONG
Address :26 BALMORAL ROAD
SINGAPORE 259827
Citizen of / Place Incorpd :SINGAPORE
Instrument :TRANSFER IH/101348P Registered on 10/03/2022

MEMORIAL

Nil

Certificate of Title
Volume 236 Folio 104

Ref No : C/17528

PAGE 3
Edition 1
Number of Updates 0
dated 10 MAR 2022

========== CAUTION ==========

Nil

========== NOTICE ==========

Nil

========== ORDER OF COURT ==========

Nil

========== INTEREST/ENCUMBRANCE ==========

Subject to the RESTRICTIVE COVENANTS contained in/referred to in Volume 2175 Number 151 registered in the Register of Deeds

========== PUBLIC INSPECTION AND SEARCH ==========

The information contained in this Certificate of Title forms part of the public records available for inspection and search by members of the public upon payment of a fee.

========== POST REGISTRATION ==========

Nil

========== PENDING INSTRUMENTS ==========

Nil

==========

Certificate of Title
Volume 236 Folio 104

Ref No : C/17528

PAGE 4
Edition 1
Number of Updates 0
dated 10 MAR 2022

========== CERTIFICATION ==========

This Certificate of Title was embodied in the land-register on 12 MAY 1981

REGISTRAR OF TITLES
SINGAPORE

IMPORTANT NOTICE - THE INFORMATION PRINTED IN THIS TITLE IS THE LATEST AS AT THE TIME WHEN PRINTING STARTED.

========== END OF LAND REGISTER SEARCH ==========

Three Arrows Capital liquidations: 3AC hit with huge asset losses

06:50, 17 June 2022

Analysts claim crypto hedge fund lost 60% on 27 key assets and $560m on LUNA collapse

Analysts are still coming to terms with how the crypto market will react to losses facing Three Arrows Capital – Photo: Shutterstock

Three Arrows Capital (3AC), one of the largest crypto hedge funds, was reportedly liquidating its positions after witnessing huge losses on its investments.

An analysis by *Messari.io* of 27 assets that 3AC had invested in suggest the crypto hedge fund would have lost 60% of its investment for the

year to date. The assets included lead cryptos such as **Bitcoin (BTC)**, **Ethereum (ETH)**, and **Avalanche (AVAX)**.

According to the *Twitter* account for *The Defi Edge*, 3AC had also spent $559.6m buying locked LUNA before the cryptocurrency's collapse last month. "It's now worth roughly ~$670," added *The Defi Edge*.

And Danny Yuan, head of trading at crypto trading firm and liquidity provider 8BlockCapital, suggested Three Arrows Capital was "leveraged long everywhere".

"What we learned is that they [3AC] were leveraged long everywhere and were getting margin-called," tweeted Yuan. "Instead of answering the margin calls, they ghosted everyone. The platforms had no choice, but to liquidate their positions, causing the markets to further dump."

The Starry Night Capital NFTs

The fund was also reportedly starting to consolidate its NFT holdings, in a possible attempt to sell them and cover its losses. It had amassed a large collection of non-fungible tokens (NFTs) last year, such as ones from the Fidenza and Ringers NFT collections, and secured *A Poetic Beach* by the Chinese digital artist Dabeiyuzhou at Sotheby's with a $140,000 bid.

In the run up to Wednesday 15 June, the 3AC NFT fund, Starry Night Capital, had reportedly movied its entire collection from the NFT platform SuperRare – a total of 70 NFTs 3AC had spent more than $21m building up since August last year.

Kyle Waters, analyst at CoinMetrics – a cryptomarket analysis firm –

said: “All of the [SuperRare] SR works were sent to a single address along with pieces from Art Blocks, KnownOrigin, Foundation, and other crypto art projects.

“The new wallet seems to have some linkage to other 3AC wallets but it’s unclear so far what’s going on (at the worst case, gearing up for some sort of liquidation/OTC block trade of NFTs?)

“It’s also unclear if NFT sales would even move the needle very much versus other positions.”

Further reading

THIS IS THE EXHIBIT MARKED "**RC-3**"

REFERRED TO IN

THE 1ST AFFIDAVIT

OF **RUSSELL CRUMPLER**

AFFIRMED BEFORE ME

IN THE BRITISH VIRGIN ISLANDS

ON

THIS 8th DAY OF July 2022

BEFORE ME

A NOTARY PUBLIC

LORRAINE A. Y. LA ROSE
Notary Public
~~The Virgin Islands~~ *(UK)*
My commission expires: 31st January 2023

VIGILATE NOTARIES
PO Box 2097, Road Town
Tortola, British Virgin Islands
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THE EASTERN CARIBBEAN SUPREME COURT

IN THE HIGH COURT OF JUSTICE

VIRGIN ISLANDS

COMMERCIAL DIVISION

Case No: BVIHC (COM) of 2022

IN THE MATTER OF THREE ARROWS CAPITAL, LTD

AND

IN THE MATTER OF SECTION 159(1)(a) AND 162 (a) AND (b) OF THE INSOLVENCY ACT 2003

THREE ARROWS CAPITAL LIMITED

Applicant

AFFIDAVIT OF MR. ROBERT GARDNER

I, **ROBERT GARDNER** Legal Practitioner of Bedell Cristin BVI Partnership, Mandar House, Johnson's Ghut, P.O. Box 2283 Road Town, Tortola, British Virgin Islands VG1110, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a Legal Practitioner authorised to practice in BVI and a Partner at Bedell based in London. I am duly authorised to swear this affidavit on behalf of the Applicant.

2. Save where otherwise sufficiently appears, the facts and matters hereinafter are within my own knowledge and are true to the best of my knowledge, information and belief. Where the facts and matters hereinafter are not within my own direct knowledge, I believe them to be true to the best of my knowledge, information and belief and the sources and grounds of my belief are

set out. Nothing in this affidavit is intended to constitute a waiver of any client confidentiality or any legal professional or without prejudice privilege.

3. A bundle of true copies of documents is now produced and shown to me and exhibited hereto as "**RG-1**".

4. At page 1 of RG-1 is an affidavit of Kyle Livingston Davies in support of an urgent Application to appoint Joint Liquidators to Three Arrows Capital, Ltd. The Application has been made on an urgent basis for the reasons set out in that affidavit. This application has been prepared on an urgent basis over the weekend and, whilst Kyle Davies has been able to sign his affidavit, he has not been able to swear the affidavit in the time available. He has confirmed that the contents of the affidavit are true and has affixed his signature to the affidavit. In the circumstances I believe the contents of the affidavit are true.

5. Kyle Davies will take steps to swear the affidavit as soon as possible and on receipt the same will be filed at Court

Sworn by ROBERT GARDNER)
At London, U.K.)
On 27 June 2022)

ROBERT GARDNER

Before me:

Commissioner for Oaths / ~~Notary Public~~

Alasdair Davidson
Barrister at Law &
Commissioner for Oaths.

THE EASTERN CARIBBEAN SUPREME COURT

IN THE HIGH COURT OF JUSTICE

VIRGIN ISLANDS

COMMERCIAL DIVISION

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AND

IN THE MATTER OF SECTIONS 159(1)(a) AND 162(a) and (b) OF THE INSOLVENCY ACT 2003

THREE ARROWS CAPITAL, LTD

Applicant

FIRST AFFIDAVIT OF ROBERT GARDNER

BEDELL CRISTIN

Legal Practitioners for the Applicant

Mandar House, Johnson's Ghut,

PO Box 2283, Road Town,

Tortola, British Virgin Islands,

Tel: +1 284 495 5700

lisa.walmisley@bedellcristin.com

Ref: LW/139480/0001

THE EASTERN CARIBBEAN SUPREME COURT

IN THE HIGH COURT OF JUSTICE

VIRGIN ISLANDS

COMMERCIAL DIVISION

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AND

IN THE MATTER OF SECTIONS 159(1) AND 162(1)(a) AND (b) OF THE INSOLVENCY ACT 2003

THREE ARROWS CAPITAL, LTD

Applicant

CERTIFICATE OF EXHIBIT RG-1 TO THE

FIRST AFFIDAVIT OF ROBERT GARDNER

This is the Exhibit marked "RG-1" referred to in the First Affidavit of Robert Gardner dated 27 June 2022.

Before me: at London

Signed

Alasdair Davidson
Barrister at Law &
Commissioner for Oaths
27 June 2022

THE EASTERN CARIBBEAN SUPREME COURT

IN THE HIGH COURT OF JUSTICE

VIRGIN ISLANDS

COMMERCIAL DIVISION

Case No: BVIHC (COM) of 2022

IN THE MATTER OF THREE ARROWS CAPITAL, LTD

AND

IN THE MATTER OF SECTIONS 159(1) AND 162(1)(a) AND (b) OF THE INSOLVENCY ACT 2003

THREE ARROWS CAPITAL, LTD

Applicant

FIRST AFFIDAVIT OF KYLE LIVINGSTON DAVIES

I, **KYLE LIVINGSTON DAVIES**, care of Three Arrows Capital Ltd at ABM Corporate Services Ltd, 1st Floor, Columbus Centre, PO BOX 2283, Road Town, Tortola, British Virgin Islands do solemnly and sincerely affirm and say as follows:

1. I am a director of Three Arrows Capital Ltd, and am duly authorized to make this affidavit on behalf of Three Arrows Capital Ltd ("**TACL**"). There are 2 other directors of TACL, Mr Mark James Dubois and Mr Zhu Su ("**Mr Dubois**" and "**Mr**

Zhu", respectively). As I explain below, a majority of the directors of TACL have deliberated carefully and support this application.

2. The facts deposed to in this affidavit are based on my personal knowledge or derived from documents or information which I have access to insofar as the matters deposed to here are within my personal knowledge, they are true. Insofar as the matters deposed to here are not within my personal knowledge, they are true to the best of my knowledge, information and belief, and the grounds thereof are elaborated upon below.

3. I make this affidavit in support of TACL's application for an order that it be placed under liquidation, and for the appointment of Charlotte Caulfield and Paul Pretlove of Kalo (BVI) Limited (''Kalo'') to be appointed Joint Liquidators of TACL.

4. I have been provided with a bundle of documents marked as ''**KLD-1''.** I will refer to this bundle as **KLD-1/page**.

I. Grounds for application for liquidation

5. On 26 June 2022 the shareholder owning all of the management shares (which is the only class of shares with voting rights) of TACL signed a written resolution that TACL is hopelessly insolvent and immediate application should be made to the BVI Court to appoint Charlotte Caulfield and Paul Pretlove as Joint Liquidators of TACL. A copy of the shareholders' resolution dated 26 June 2022

is exhibited hereto at **KLD-1/pages 443-445**. For completeness, I exhibit TACL's register of members showing that the sole shareholder owning all the management shares of TACL is Three Arrows Capital Pte Ltd ("**TACPL**"). The contents of this document are confirmed by the latest Annual Report for the financial year ending 31 December 2020 that was issued by TACL's auditors, Oakfield & Associates, on 30 June 2021 (the "**2020 Annual Report**"), at page 24. A copy of the 2020 Annual Report is exhibited at **KLD-1/pages 408-435**.

6. Following the passing of the shareholders' resolution, a directors' meeting was convened on 26 June 2022 to deliberate on the viability of TACL as a going concern. Having considered, *inter alia*, the recommendations from TACL's shareholders, the recent Terra Luna crash and its knock-on effect on the cryptocurrency ecosystem at large, as well as the numerous default notices and margin calls that TACL has been receiving over the past 2 weeks, a majority of the directors took the view that it is in TACL's best interest for TACL to be placed under liquidation, and for liquidators to be appointed to carry out an orderly distribution of TACL's assets. A copy of the directors' resolution passed on 26 June 2022, along with TACL's Register of Directors, is exhibited hereto as **KLD-1/pages 436-437 and 446-448**.

7. In this affidavit, I will elaborate on the circumstances that led to TACL's present state of insolvency, as well as the reasons why there is a need for an urgent liquidation order to preserve TACL's assets for the benefit of its creditors as a whole.

II. Facts leading up to TACL's present state of insolvency

8. TACL was incorporated as an exempted company with limited liability in the British Virgin Islands on 3 May 2012 and started operations on 26 November 2012. TACL is in the business of investments and short-term opportunities trading. Mr Zhu and I co-founded TACL in 2012 and we started off by trading traditional currencies in emerging markets. We then diversified into options, equities and cryptocurrency. By 2018, TACL was fully focused on trading cryptocurrency.

9. TACL is a Professional Master Fund within the meaning of the Securities and Investment Business Act, 2010, of British Virgin Islands. The investors in TACL are Three Arrows Fund, Ltd (the "**Offshore Feeder**") and Three Arrows Fund, LP (the "**Onshore Feed**", and collectively with the "**Offshore Feeder**", the "**Feeder Funds**"). The Feeder Funds invested all of its assets into TACL. This master/feeder structure is used to permit the pooling of assets of investors with similar investment objectives, in an effort to achieve economies of scale and efficiencies in portfolio management, while preserving the separate identities of the investors. A copy of the Offshore Feeder Fund's Offering Memorandum, of October 2021, is marked and exhibited at **KLD-1/pages 185-263**. This document sets out, amongst other things, the risks of the investment in the Offshore Feeder and its relationship with TACL and the investment manager.

10. TACL's investment manager used to be TACPL but on 21 July 2021, TACL resolved to terminate its investment management agreement ("**Old IMA**") with TACPL by giving TACPL 30 days' notice (*i.e.*, expiring 20 August 2021) of TACL's intention to terminate the Old IMA. On 21 July 2021, TACL also resolved to appoint a new investment manager, *i.e.*, ThreeAC Limited, a British Virgin Islands business company ("**ThreeAC**"). Also on 21 July 2021, TACL gave written notice to TACPL of TACL's intention to terminate the Old IMA, by giving it 30 days' notice. Copies of this notice of termination, along with TACL's resolutions on these matters are collectively marked and exhibited at **KLD-1/pages 181-184**.

11. In recent years, TACL's business model is as such that it borrows either cryptocurrency and/or United States dollars to trade on the cryptocurrency market. TACL's lenders are largely institutional lenders and a handful of high net-worth individuals who are accredited investors.

12. I wish to also point out that Mr Zhu (my co-founder) is also an investor in the Offshore Feeder, and consequently, TACL. I attach statements (which are exhibited af **KLD-1/pages 178-180** from TACL's fund administrator, Ascent Fund Services (Singapore) Pte Ltd ("**Ascent**"), showing that as at 31 December 2021 Mr Zhu owns the following classes of shares and its corresponding values:

S/n	Class	Shares	Value (USD)
(i)	Class B – Sep 2021 Series	139,191.934	256,676,684.60
(ii)	Class B – Lead Series	2,193.568	1,148,505,374.87

(iii)	Class Warbler Lead Series	12,500	1,197,483.20
		Total:	**1,406,379,542.67**

13. Due to the collapse and downturn of the cryptocurrency market (which I explain in more detail below), much of the value of these investments have been wiped out. Investors, like Mr Zhu, have suffered immense losses in TACL.

14. In addition to making investments in TACL (through the Offshore Fund), Mr Zhu also lent monies to TACL for its trading activities and are thus unsecured creditors to TACL. TACL owes Mr Zhu the sum of USD 5,085,401.88, and a copy of TACL's statement to Mr Zhu confirming this sum of marked and exhibited at **KLD-1/page 442**.

15. Further, another investor and creditor of TACL, Ms Chen Kaili Kelly ("**Ms Chen**") has also confirmed her support of an Order for liquidation being made. In addition to her investments in TACL, Ms Chen lent monies and is an unsecured creditor of TACL to the tune of USD 65 million. A copy of her letter of support enclosing documents showing her investments and loan to TACL is marked and exhibited at **KLD-1/pages 449-454**.

16. It now appears to be impossible for these debts (with the other liabilities of TACL) to be repaid.

17. A substantial part of TACL's investment portfolio was in a cryptocurrency known as Luna, which is associated with a stablecoin, TerraUSD. It is widely accepted that TerraUSD was to be pegged to almost exactly to the USD and thus, considered, a stablecoin (meaning a cryptocurrency pegged to a fiat currency). Prior to 9 May 2021, TACL was holding on to approximately USD 600 million worth of Terra/Luna (valued at the prevailing trading price).

18. On 9 May 2021, Terra/Luna crashed. Its value dropped rapidly and was wiped out completely. Put simply, Terra/Luna became worthless. This crash is widely reported worldwide and the Terra/Luna crash was reported to have wiped out USD 40 billion in value off the markets. This led to a ripple effect, causing cryptocurrency investors to remove their funds from the cryptocurrency market.

19. The effect of the Terra/Luna crash was perhaps the catalyst causing the general cryptocurrency market and coin prices to fall. The sentiment towards cryptocurrency became poor very rapidly, as the prices of other cryptocurrencies dipped quickly, which resulted in a publicly known sell-off. A contagion effect of the contraction of credit, *i.e.*, as lenders pull back their loans, resulting in a credit crunch in the cryptocurrency markets globally was also observed and widely reported. The further macroeconomic inflationary malaise made the situation worse, and the cryptocurrency markets suffered a rapid downward spiral.

20. TACL borrowed either cash or cryptocurrency from its lenders. For some of these loans, cryptocurrency or digital assets were allocated towards a particular lender. When the cryptocurrency prices dropped, these lenders made margin calls on these loans. Whilst TACL was initially able to meet these margin calls, it was subsequently unable to meet all the margin calls when the lenders reacted *en masse*. When the lenders pulled the credit and recalled its loans, TACL became unable to meet its obligations on these loans.

III. Urgency of application

A. <u>Overwhelming creditor claims</u>

21. Since on or about 15 June 2022, TACL has been overwhelmed with claims and/or queries from its lenders and investors.

22. As of the date of this affidavit, TACL has received default notices and/or demand letters from at least 32 creditors. Of these 32 creditors, 1 creditor has commenced arbitration proceedings against TACL under the auspices of the American Arbitration Association, and another creditor has served a statutory demand pursuant to section 155 of the Insolvency Act, 2003.

23. A list of some of the institutional creditors who have served default notices, demand letters or commenced proceedings against TACL is set out below:

Date of demand	Name of creditor	Date of agreement	Principal amount / Recall amount	Interest	Liquidated collateral	Legal proceedings
24 June 2022	Equities First Holdings LLC	6 November 2021	US$33,133,100		1,000,000 GBTC.US	None
		11 December 2021	US$38,841,600		1,500,000 GBTC.US	
		2 January 2022	US$45,745,300		2,000,000 GBTC.US	
		8 January 2022	US$44,339,500		2,000,000 GBTC.US	
24 June 2022	Voyager Digital LLC	4 March 2022	15,250 BTC 350,000,000 USDC		Unknown	None
24 June 2022	Tower Square Capital Limited	20 August 2020	106.620552 BTC 52.32976266 BTC 13206.76723 USDC 1098257.337 USDT 23285.24488 USDT	3.5% 3.5% 5% 5% 7%	Unknown	None
24 June 2022	Ashla International Inc	20 June 2019	500 BTC 10,000,000 USDT	1.15068504BTC 65,753.52 USDT	Unknown	None

23 June 2022	Plutus Lending LLC	17 July 2020	10,000,000 USDC		Unknown	None
23 June 2022	Connor Zautke (Master Trade Agreement)	Unknown	12.7233 BTC 109.4143 ETH			None. Collateral held by TACL. Creditor calling for return of these collaterals.
23 June 2022	Stephen Zautke (Master Trade Agreement)	Unknown	218.3534 BTC 1,735.3587 ETH			
23 June 2022	LuneX Ventures LP	4 February 2019	88 BTC			None. Creditor had threatened to issue statutory demand in BVI.
	Kenrick Drijkoningen	4 February 2019	55 BTC US$250,000			
	Play Future Fund Limited		US$600,000 capital call			
23 June 2022	Banton Overseas Limited	22 February 2022	150 BTC 387 ETH	4%	Unknown	None
22 June 2022	Moonbeam Foundation Ltd (liquidity	28 January 2021	200,000 MOVR 10,000,000 GLMR		Unknown	None

	consulting agreement)					
	Moonbase One Ltd (assigned MLA)	20 September 2021	7,000,000 USDC 10,000,000 USDC		Unknown	None
22 June 2022	PureStake Ltd	27 October 2021	8,000,000 USDC		Unknown	None
21 June 2022	Livetree Community Ltd	9 November 2021	US$300,000 10,000 DOT	10% 8%	Unknown	None
21 June 2022	Onchain Custodian	Unknown	30.18386678 BTC		Unknown	None
21 June 2022	Singapore Bitget Pte Ltd	21 March 2022	US$16,322,226	US$4,109.59 per day	US$6,615,000	Statutory demand issued under Section 155 of the Insolvency Act (BVI)
20 June 2022	SBI Crypto Co Ltd	5 March 2021	362.82191561 BTC	0.52186710 BTC	506.69 ETH	None
17 June 2022	210K Capital, LP	27 July 2020	67.43745958 BTC 0.76355046 BTC		Unknown	None

17 June 2022	Hashkey Trading	10 February 2020	444,196.08 USDT		69.21 BTC (accounted for in balance principal)	None
17 June 2022	FalconX Ltd	Unknown	US$65,474,982.33		Unknown	None
16 June 2022	Mirana Corp	8 June 2022 (MLA) 9 June 2022 (Guarantee)	US$13,062,418.07		US$37,098,062.97 (accounted for in balance principal)	None
16 June 2022	CoinList Services LLC	12 May 2022	35,000,000 USDC		Unknown	None
		1 June 2022				
15 June 2022	DRB Panama Inc	30 March 2020 (non-liquidating account agreement)			Lender indicated they are liquidating account	None
		31 March 2020 (loan agreement)	1300 BTC 15,000 ETH			

15 June 2022	Genesis Asia Pacific Pte Ltd	10 January 2019 24 January 2020	US$2,360,302,065		2,125,794 shares of Grayscale Bitcoin Trust 446,928 shares in Grayscale Ethereum Trust 2,076,238 shares in Grayscale Bitcoin Trust 13,241,612 shares of Grayscale Bitcoin Trust 2,739,043.83 AVAX tokens 13,583,265 NEAR tokens	Arbitration under the auspices of American Arbitration Association
15 June 2022	Arrakis Capital Ltd	28 April 2022	20,000,000 USDC		Unknown	None
15 June 2022	Celsius Network Ltd	25 May 2019	50,226,027.40 USDC 25,118,150.68 USDC		Unknown	None

24. Copies of the default notices and/or demand letters issued by the above-mentioned creditors are exhibited hereto as **KLD-1/pages 1-177, 264-299 and 329-407**.

B. Arbitration commenced by Genesis Asia Pacific Pte Ltd

25. In the absence of a prompt and orderly judicial liquidation process, TACL creditors may resort to their own remedies to enhance their position *viz-a-viz* other similarly situated creditors. This has already begun.

26. Even now, TACL is facing an application for a preliminary injunction in an arbitration in New York commenced by Genesis Asia Pacific Pte Ltd ("**Genesis**") on June 15, 2022, under the auspices of the American Arbitration Association ("**AAA**") and the AAA's International Centre for Dispute Resolution ("**ICDR**"). (*Genesis Asia Pacific PTE. LTD. V. Three Arrows Capital, Ltd.*, AAA/ICDR Case No. 01-22-0002-5568). Among other things, Genesis is seeking preliminary injunctive relief to protect what it concedes are unsecured lending positions.

27. In the arbitration, Genesis alleges TACL is in breach of two Master Lending Agreements and seeks USD$2,360,302,065.00 (two billion, three hundred sixty million, three hundred two thousand and sixty-five U.S. dollars), an order for additional collateral in dollars, and the right to "foreclose on, and take possession of" various types of purported security. (Exh. 1, Letter of June 15,

2022, for Emergency Arbitral Proceedings and Request for Arbitration and Statement of Claim ("RFA"); RFA at pp. 17-18. **KLD-1/page 30-31**)

28. The same day it filed the arbitration, Genesis sought the appointment of an emergency arbitrator pursuant to the AAA rules to obtain a preliminary injunction ordering TACL to transfer or freeze funds and assets. Specifically, Genesis asked for an order requiring TACL "to deposit $2,360,302,065 in a third-party escrow account for safekeeping pending the resolution of [the arbitration]." In the alternative, it sought an order requiring the deposit of what it characterizes as additional collateral in the amount of $462,224,747, cryptocurrency Genesis alleges was pledged, and various shares. (It further seeks, in the alternative, an order enjoining TACL from "taking any action to withdraw transfer, sell, encumber or hypothecate" any of the previously described assets.) (Letter from Genesis' counsel Morrison Cohen LLP to the AAA dated June 15, 2022, at pp. 1 to 2 **KLD-1/page 9-12**). Genesis also sought an interim order freezing the assets to which it claims right, pending the resolution of its preliminary injunction application.

29. The AAA's IDCR appointed an emergency arbitrator on June 17, 2022, and an initial conference on Genesis' application was held on June 21, 2022. During the hearing, Genesis stated that it had "constructive possession" of assets under a certain pledge agreement purportedly given by TACL in 2020, consisting of a significant number of shares in cryptocurrency trusts (see Request for Arbitration at paras 36-47).

30. The emergency arbitrator denied Genesis' application for an interim order, without prejudice to Genesis' application for a preliminary injunction. The emergency arbitrator set a virtual hearing for July 5, 2022. A copy of the emergency arbitrator's procedural order no. 1 dated 22 June 2022 is exhibited hereto as **KLD-1/pages 300-311**.

31. Genesis supplemented its request for emergency relief on June 23, 2022. A copy of Genesis' supplemental submission is exhibited hereto as **KLD-1/pages 312-328**.

32. Genesis now asks the emergency arbitrator to order TACL to place $1,105,191,619 of "*outstanding unsecured borrowings*" in escrow for the length of the arbitration proceedings. (see para. 35 (emphasis added); *see also id*. At para. 8 (asking for an order to "escrow sufficient assets to cover the remaining $1,105,191,619 *unsecured amount*" (emphasis added).) Genesis also asks the emergency arbitrator to order TACL to transfer another $28 million in unsecured loan fees and late fees into escrow, and to put alt tokens in escrow, until the resolution of the arbitration. That application is due to be heard on 5 July 2022.

33. Given the overwhelming claims being made against TACL, the service of a statutory demand on TACL and the possibility that an Order that could give priority to an unsecured creditor could be made as soon as 5 July 2022, TACL makes this application on an urgent basis. I have been told that unless the Court orders otherwise the Application to appoint liquidators should be advertised.

By reason of the very short time available before the hearing of the application in the Arbitration, this Application should be heard on an urgent basis and the Court is respectfully requested to dispense with the need to advertise the Application to Appoint Liquidators. The Joint Liquidators, if appointed, will need to make an urgent application for recognition in the USA and to commence Chapter 15 proceedings in order to preserve the assets of TACL for the benefit of all the creditors.

34. It is clear from this affidavit that the value of crypto assets is extremely volatile and any delay could have a significant impact on the value of the assets of TACL. It is a concern that the advertisement of such an application could adversely affect the value of the assets before the Joint Liquidators are able to take control of the assets.

35. TACL's shareholders did consider resolving to enter voluntary liquidation but the delay associated with calling the requisite creditors' meeting and the limitation of the powers of a voluntary liquidator mean that TACL concluded that the best way to preserve value for the creditors was to make an urgent application to Court. In the same way TACL considered whether an application should be made to appoint provisional liquidators pending the advertisement of the Application. There is no prospect of any restructuring of TACL. It is hopelessly insolvent, there is nothing to be gained from delaying the inevitable liquidation of TACL, instead there are significant benefits to appointing the Joint Liquidators urgently.

IV. Proposed liquidators

36. I attach at **KLD-1/pages 455-456** a copy of the consent to act prepared by Charlotte Caulfield and Paul Pretlove of Kalo who are licensed, well established insolvency Practitioners in BVI. I believe that they are qualified to act as insolvency practitioners and are well placed to deal with this complex liquidation as Kalo has acted on some of the largest fund wind downs in the BVI and Cayman Islands over the last two decades. I attach at **KLD-1/pages 439-441** a copy of the biographies of the Kalo team.

37. I confirm that to the best of my abilities, I am willing to work with the proposed liquidators and the relevant professionals on TACL's Statement of Affairs as quickly possible, so as to carry out the orderly dissolution for the benefit of the creditors and other stakeholders of TACL.

38. In all the circumstances I invite the Court to make the Orders sought.

Sworn by KYLE LIVINGSTON DAVIES)
At)

On June 2022)

KYLE LIVINGSTON DAVIES

Before me:

Commissioner for Oaths / Notary Public

THE EASTERN CARIBBEAN SUPREME COURT

IN THE HIGH COURT OF JUSTICE

VIRGIN ISLANDS

COMMERCIAL DIVISION

Case No: BVIHC (COM) of 2022

IN THE MATTER OF THREE ARROWS CAPITAL, LTD

AND

IN THE MATTER OF SECTIONS 159(1)(a) AND 162(a) and (b) OF THE INSOLVENCY ACT 2003

THREE ARROWS CAPITAL, LTD

Applicant

FIRST AFFIDAVIT OF KYLE LIVINGSTON DAVIES

BEDELL CRISTIN

Legal Practitioners for the Applicant

Mandar House, Johnson's Ghut,

PO Box 2283, Road Town,

Tortola, British Virgin Islands,

Tel: +1 284 495 5700

lisa.walmisley@bedellcristin.com

Ref: LW/139480/0001

THE EASTERN CARIBBEAN SUPREME COURT
IN THE HIGH COURT OF JUSTICE
VIRGIN ISLANDS
COMMERCIAL DIVISION

Case No: BVIHC (COM) of 2022

IN THE MATTER OF THREE ARROWS CAPITAL LIMITED
AND
IN THE MATTER OF THE INSOLVENCY ACT 2003

THREE ARROWS CAPITAL LIMITED

Applicant

CERTIFICATE OF EXHIBIT KLD-1
TO AFFIDAVIT OF KYLE LIVINGSTON DAVIES

This is the Exhibit marked "KLD-1" referred to in the Affidavit of Kyle Livingston Davies dated 27 June 2022.

Before me:

Signed: _____

Dated:

Arrakis Capital Limited
71 Fort Street, PO Box 500
George Town, Grand Cayman
Cayman Islands KY1-1106

TO: (BY EXPRESS COURIER & EMAIL)

Tai Ping Shan Ltd
2/F, Artemis House, 67 Fort Street
Grand Cayman
Cayman Islands KY1-1111

c/o: Ningxin Zhang as Authorised Agents (nxzhang@threearrowscap.com)

Three Arrows Capital Ltd
7 Temasek Boulevard, #21-04
Singapore 038987

Attn: Ningxin Zhang (operations@threearrowscap.com)

15 June 2022

Dear Sirs,

Re: Notice of default and early termination under Loan Term Sheet dated 10 June 2022

We refer to the loan of USDC 20,000,000 between Arrakis Capital Ltd as "Lender" and Tai Ping Shan Ltd as "Borrower" (the **"USDC 20M Loan"**) recorded in a loan term sheet dated 10 June 2022 (the **"Term Sheet"**) and the Master Loan Agreement dated 28 April 2022 between Arrakis Capital Ltd as "Lender", Tai Ping Shan Ltd as "Borrower" and Three Arrows Capital as "Guarantor" (the **"Master Agreement"**). Capitalised terms in this letter have the meaning ascribed to them in the Master Agreement.

Further to our recent email correspondence and our video calls on 14 and 15 June 2022, we note that an Event of Default has occurred in that the Borrower has informed us that it will be unable to honour any Margin Call or contribute any Additional Collateral, or make any repayment of the USDC 20M Loan. Please see Sections VIII(g) and (j) of the Master Agreement.

In those circumstances, pursuant to Section IX(a) of the Master Agreement, we exercise our right to terminate the USDC 20M Loan and call on the Borrower, or alternatively the Guarantor, to make immediate repayment of the USDC 20M Loan in full, together with any accrued interest. Please confirm by return that arrangements will be made.

We reserve all our rights and remedies under the Master Agreement and the Term Sheet.

Yours faithfully,

Arrakis Capital Limited

Name: Stephan Lutz
Title: Director and CFO

June 15, 2022

VIA EMAIL TO:KYLE@THREEARROWSCAP.COM;
OPERATIONS@THREEARROWSCAP.COM

Three Arrows Capital Ltd
7 Temasek Blvd #21-04
Singapore 038987
Attn: Kyle Davies

Re: **Notice of Termination and Exercise of Remedies:** Digital Asset Lending Agreement, effective May 25, 2019 (the "**Loan Agreement**"), and all applicable Loan Term Sheets related thereto entered into between Three Arrows Capital Ltd ("**Borrower**") and Celsius Network Ltd. ("**Celsius**").

Dear Sir/Madam:

Reference is hereby made to the Loan Agreement and the Collateral Call and Recall Request Notice sent by Celsius to Borrower on June 14, 2022 (the "**Collateral Call and Recall Request Notice**"). Capitalized terms not otherwise defined herein shall have the respective meanings assigned to such terms in the Loan Agreement and/or the Collateral Call and Recall Request Notice, as applicable.

This letter will serve to advise Borrower that Celsius hereby terminates the Loans pursuant to Section 9.1 of the Loan Agreement and declares all Borrowed Amounts, Invoice Amounts and any other amounts owing under the Loan Agreement to be immediately due and payable. Further, please be advised that Celsius intends to exercise its rights and remedies under the Loan Agreement, including without limitation the right to exercise on the Collateral pursuant to Sections 5.6 and 9.3 of the Loan Agreement and apply the proceeds resulting therefrom in accordance with the terms of the Loan Agreement to the Loans and any other amounts owing under the Loan Agreement, without any further notice.

Pursuant to the Loan Agreement, Celsius have made Loans to Borrower from time to time, including the following Loans: (1) an Open Term Loan #C2618 with an aggregate amount outstanding of 50,226,027.40 USDC (as of June 15, 2022); and (2) an Open Term Loan #2621 with an aggregate amount outstanding of 25,118,150.68 USDC (as of June 15, 2022). In

accordance with Sections 3.5 and 5.4 of the Loan Agreement, Celsius sent the Collateral Call and Recall Request Notice requesting the posting of Additional Collateral from Borrower with respect to Open Term Loan #C2618 and the payment in full of the aggregate Borrowed Amount outstanding with respect to Open Term Loan #2621 by 12:50 am EDT on June 15, 2022. At the time of this letter, Borrower has not provided the required Additional Collateral with respect to Open Term Loan #C2618 or made the required payment with respect to Open Term Loan #2621. Accordingly, Events of Default under Section 8.1(i), Section 8.1(ii) and Section 8.1(iii) of the Loan Agreement, as applicable, have occurred and are continuing with regard to the above-stated Loans.

Nothing contained in this letter or any delay by Celsius in exercising any rights, powers, privileges and remedies under the Loan Agreement or applicable law with respect to the existing Events of Default or any other Events of Default now existing or hereafter arising under the Loan Agreement shall be construed as a waiver or modification of such rights, powers, privileges and remedies. This letter is not, and shall not be deemed to be, a waiver of, or a consent to, any default, noncompliance, Event of Default (including, without limitation, the existing Events of Default) now existing or hereafter arising under the Loan Agreement. Please be advised that the outstanding amounts referred to above may not represent an exhaustive list of all of the Borrower's obligations under the Loan Agreement. This letter shall not entitle Borrower to any other or further notice or demand.

All further communications regarding the contents of this letter, or otherwise regarding the Loan Agreement, should be directed to the undersigned.

Sincerely,

s/Ron Deutsch

Ron Deutsch
General Counsel and Head of M&A
Celsius Legal Department

Cc: kyle@threearrowscap.com
operations@threearrowscap.com

COINLIST

900 Kearny Street, Suite 500, San Francisco, CA, 94133 · http://coinlist.co

June 16, 2022

Service via email to kyle@threearrowscap.com

THREE ARROWS CAPITAL LTD.
7 Temasek Boulevard 21 - 04
Singapore, Singapore
038987, SG

ATTENTION: KYLE LIVINGSTON DAVIES & SU ZHU

RE: CoinList Good Faith Letter

Mr. Zhu and Mr. Davies,

As you are aware, your company, Three Arrows Capital Ltd ("Borrower"), presently has two (2) outstanding loans with our company, CoinList Services, LLC. ("Lender"). The Loan Term Sheets dated May 12, 2022, and June 1, 2022, respectively, show a principal balance owed by Three Arrows Capital Ltd at 35,000,000.00 USDC.[1] In light of recent market events, members of our team have attempted to reach out to you via email on June 15, 2022, and Telegram to discuss distressing rumors around your company's insolvency, however, you have not responded to our attempts to communicate with you. This letter is the last attempt to set up a meeting with your company to ascertain information about your ability to repay your outstanding loans with CoinList Services, LLC.

I draw your attention to ***Section VIII (g) - Default***, from the ***Master Loan and Security Agreement ("Master Agreement")***, dated and executed on April 30, 2019, which states as follows:

> *Any of the following events shall constitute an event of default hereunder, and shall be herein referred to as an "Event of Default" or as "Events of Default"…*
>
> *(g) any event or circumstance occurs or exists that is a material adverse effect on the business, operation, prospects, property, assets, liabilities, or financial condition of such party, taken as whole, or a material adverse effect on the ability of the Borrower to perform its obligations under the Loan Documents, including but not limited to the ability to return, transfer, repay, or pay any and all Loaned Assets, Loan Fees, or Late Fees.*

[1] Please see the attached Loan Term Sheets for the interest rate on each loan.

In light of the extreme market conditions and recent dips in the market along with the fact that your company has been non-responsive to our requests, we have concerns about your ability to repay not only your outstanding principal loans but the interest owed along with it. Insolvency on your part due to recent market events will put you in material breach of your two outstanding loans with our company.

Know that it is neither our goal nor intent to make these market conditions harder than they need to be, however, we do need to discuss these concerns about your insolvency so as to be confident in your ability to repay the outstanding amounts owed. I further draw your attention to ***Section II (d)(iii) – General Loan Terms, Termination of Loan***, of the ***Master Agreement*** which states:

> *Loans will terminate upon the earlier of:*
>
> *(iii) Upon an Event of Default as defined in Section VIII; however, Lender shall have the right, in its sole discretion, to SUSPEND the termination of a Loan under this Subsection II(d)(iii) and REINSTITUTE the Loan…*

We wish to resolve this matter amicably and are willing to work with you on any issue(s) that may have arisen with your company, however, you must be willing to communicate with us. As such, I am requesting that you reach out to us by no later than June 21, 2022, to set up a meeting to discuss your ability to repay your outstanding loans with CoinList Services, LLC. Please note, that your failure to respond to this letter by that date will leave us with no choice but to declare you in default of your loans pursuant to Section VIII under the Master Agreement and demand the immediate repayment of the principal amount along with the interest and any and all outstanding fees owed under the outstanding loans. Further, any failure to repay the loans in accordance with terms set forth in the Master Agreement will result in our seeking any and all legal remedies available to CoinList Services, LLC under the Master Agreement.

Please contact Robert Levine at robert@coinlist.co or alternatively me at scott@coinlist.co to discuss this matter with us so we can resolve this matter amicably.

Regards,

DocuSigned by:
Scott Keto
772F9B246F5C4B4...

SCOTT KETO
Chief Operating Officer
Amalgamated Token Services

Panama City, 15 June 2022

DRB Panama Inc
Via España, Delta Bank Building,
6th Floor, Suite 604D
Panama City, Republic of Panama

office@deribit.com
www.deribit.com

Three Arrows Capital Ltd.

ABM Chamers

2283 Road Town Tortola

British Virgin Islands

By email: kyle.davies@threearrowscap.com

Subject: **your Deribit account(s)**

Dear Mr Davies,

Three Arrows Capital Limited ("you") maintains with us a trading account with user ID 37726 plus multiple subaccounts (together the "Account").

In connection with this Account, we have entered into a Non-Liquidating Account Agreement with Effective Date 30 March 2020 (the "Agreement") and a Loan Agreement dated 31 March 2020 (the "Loan Agreement").

On 10 June 2022, the Account started to lose value quickly. On 11 June 2022 at about 8am UTC, you defaulted on your obligation under clause 1.3 of the Loan Agreement to maintain a certain minimum balance in your Account, and you started to have Equity below the Maintenance Margin. According to your instructions per Telegram on 13 June 2022 at about 15:03 UTC, we started to reduce the positions in the Account. Unfortunately, after these instructions, you did not reply to our various messages, and we have not been able to get back in touch with you since.

The Account is now in the process of being fully liquidated in accordance with clause 2.5 of the Agreement and our terms of service. Should you wish to conduct (part of) the liquidation yourself, please get back in touch with us. Failing any new contact with you, we will continue with liquidation ourselves.

You are kindly reminded that pursuant clause 2.5 of the Agreement, you are liable to transfer the shortfall in the Account. We consider you currently in breach of this contractual obligation ('in gebreke zijn' according to applicable Dutch law) since the two Business Days term has expired.

Panama City, 14 June 2022

We hereby terminate the Loan Agreement in accordance with clause 2.2 of the Loan Agreement per 20 June 2022. We kindly remind you that you will have to repay the principal and accrued interest, which is 1300 BTC plus accrued interest and 15000 ETH plus accrued interest, by that date. As mentioned above, you are already in default of your obligation under the Loan Agreement ('in gebreke zijn' according to applicable Dutch law) to restore the balance in the Account to at least 1300 BTC and 15000 ETH.

The total Equity deficit consisting of the loan plus the trading loss (shortfall under the Agreement) equates to approximately USD 80 million at this moment, payable without delay.

We trust you will comply with your contractual obligations under our Agreement and Loan Agreement and we urgently invite you to get in touch with us to discuss this matter.

Should you choose not to comply with your obligations, we will pursue legal action to recover the amount due to us.

Sincerely,

Mr. J.A. Jansen, CEO

DRB Panama Inc.

Jason Gottlieb
Partner
(212) 735-8837
jgottlieb@morrisoncohen.com

June 15, 2022

BY EMAIL, FEDEX, AND AAA WEBFILE

Taryn Hyson
American Arbitration Association
150 East 42nd Street, Floor 17
New York, New York 10017
212-484-4189
HysonT@adr.org

Re: *Genesis Asia Pacific PTE. LTD. v. Three Arrows Capital Ltd*:
Rule 38 Request for Emergency Arbitrator for Emergency Relief

Dear Ms. Hyson:

We represent Claimant Genesis Asia Pacific PTE. LTD. ("Genesis") in the above-referenced arbitration. We are writing pursuant to Rule 38 of the Commercial Arbitration Rules and Mediation Procedures of the American Arbitration Association ("AAA") to respectfully request that the AAA appoint an emergency arbitrator to consider Genesis's application for emergency relief. Specifically, Genesis respectively requests that the emergency arbitrator issue an order:

i. requiring Respondent Three Arrows Capital Ltd ("Three Arrows") to deposit $2,360,302,065 – the current value of the outstanding loans borrowed by Three Arrows from Genesis – into a third-party escrow account for safekeeping pending the resolution of this arbitration;

ii. in the alternative, requiring Three Arrows to deposit Additional Collateral[1] in the amount of $462,224,747 (the amount of Additional Collateral currently required by Three Arrows to be delivered to Genesis), as well as the shares and cryptocurrency comprising the 2020 Pledge Agreement Security and the 2022 Pledge Agreement Security, as well as the Deribit Shares, as well as the StarkWare Shares, as well as all other assets or amounts due and owing to make Genesis whole, into a third-party escrow account for safekeeping pending the resolution of this arbitration; or

[1] All undefined capitalized terms shall have the meaning set forth in Genesis's statement of claim dated June 15, 2022 (the "Statement of Claim"). A true and correct copy of the Statement of Claim, with its exhibits, is attached hereto as **Exhibit A**.

iii. in the alternative, restraining and enjoining Three Arrows from taking any action to withdraw, transfer, sell, encumber, or hypothecate the $2,360,302,065 that Three Arrows currently owes to Genesis, or from taking any action to withdraw, transfer, sell, encumber, or hypothecate the $462,224,747 in Additional Collateral currently required to be delivered to Genesis, or the shares and cryptocurrency comprising the 2020 Pledge Agreement Security and the 2022 Pledge Agreement Security, or the Deribit Shares, or the StarkWare Shares, or all other assets or amounts due and owing to make Genesis whole.

While the emergency arbitrator is considering Genesis's emergency application pursuant to AAA Rule 38(d), Genesis also respectfully requests that the emergency arbitrator issue an interim order, pending any hearing on the above emergency requests, restraining Three Arrows from taking any action to withdraw, transfer, sell, encumber, or hypothecate the $2,360,302,065 that Three Arrows currently owes to Genesis, or, alternatively, from taking any action to withdraw, transfer, sell, encumber, or hypothecate the $462,224,747 in Additional Collateral currently required to be delivered to Genesis, or the shares and cryptocurrency comprising the 2020 Pledge Agreement Security and the 2022 Pledge Agreement Security, or the Deribit Shares, or the StarkWare Shares, or all other assets or amounts due and owing to make Genesis whole.

As detailed in Genesis's Statement of Claim, this dispute arises from Three Arrows' failure to post certain Additional Collateral required under two umbrella master loan agreements (the "MLAs"). Under each MLA, Three Arrows could seek a loan of cryptocurrency or U.S. dollars from Genesis. If Genesis agreed, the parties would memorialize that agreement in a term sheet. Each term sheet would set forth an amount of Bitcoin, Ethereum, or U.S. Dollars to be posted by Three Arrows as collateral. Additionally, Genesis and Three Arrows entered into certain Pledge Agreements under which Three Arrows pledged its interests in certain shares or cryptocurrency as security for Three Arrows' obligations under the MLAs.

Each MLA also permitted Genesis to issue margin calls to Three Arrows. In the event that the value of the collateral posted by Three Arrows falls to certain levels in comparison to the value of the loaned assets, Genesis is permitted to seek additional collateral to be delivered by Three Arrows to make up the shortfall.

Due to recent extreme volatility in the cryptocurrency markets, the value of the Collateral already posted by Three Arrows decreased significantly in comparison to the loaned assets under the MLAs. As a result, Genesis issued a margin call to Three Arrows, as permitted under the MLAs, seeking sufficient Additional Collateral to be delivered by Three Arrows to Genesis to make up the shortfall. Three Arrows failed to provide the Additional Collateral required, and thus has defaulted under the MLAs. Genesis sent Three Arrows a Notice of Default informing Three Arrows that the entire outstanding loan balance was now due; such amount currently totals $2,360,302,065.

The reason for Genesis's application for emergency relief is that Three Arrows has not just failed to deliver Additional Collateral as required; but upon information and belief, Three Arrows is in the midst of an extreme liquidity crisis, throwing into significant Three Arrows' ability to pay its debts. Even worse, upon information and belief, Three Arrows is negotiating or even entering into side deals with other creditors/lenders, prioritizing those lenders over Genesis. Three Arrows'

conduct puts Genesis at significant risk not to be made whole. Genesis is aware that Three Arrows directly or indirectly owns the Deribit Shares and the StarkWare Shares, which could be sold to pay part of an eventual Award against Three Arrows, but in light of Three Arrows' conduct, it is likely that Three Arrows will seek to dissipate such shares without legal intervention. And Three Arrows has refused to provide Genesis with a complete list of its assets.

It is imperative for Genesis to seek emergency relief to prevent Three Arrows from dissipating assets and to prevent any award from being rendered ineffectual. Genesis will be irreparably harmed if the $2,360,302,065 outstanding loan balance, or the $462,224,747 in Additional Collateral currently owing to Genesis, or the shares or cryptocurrency comprising the 2020 Pledge Agreement Security and the 2022 Pledge Agreement Security, or the Deribit Shares and the StarkWare Shares, or all other assets or amounts due and owing to make Genesis whole is not deposited into an escrow account during the pendency of this matter, or if Three Arrows is not enjoined from withdrawing, transferring, selling, encumbering, or hypothecating those assets. Although the relief sought is comprised in large part of specifically identifiable assets (shares and particular cryptocurrency), courts routinely find that a party has suffered irreparable harm and is entitled to an injunction even in cases of pure money damages, where the "monies at issue are identifiable proceeds that are supposed to be held for the party seeking injunctive relief." *AQ Asset Mgmt. LLC v. Levine*, 111 A.D.3d 245, 259 (1st Dep't 2013). *See also Fieldstone Capital, Inc. v. Loeb Partners Realty*, 105 A.D.3d 559, 560 (1st Dep't 2013) ("[I]n order to preserve the status quo, the contested accounts should be frozen and the funds held in escrow pending a determination as to the rights of the parties.").

Under Rule 38, the AAA may appoint an emergency arbitrator to address Genesis's request for emergency relief because the $2,360,302,065 current outstanding loan balance, the $462,224,747 in Additional Collateral owing to Genesis, the shares or cryptocurrency comprising the 2020 Pledge Agreement Security and the 2022 Pledge Agreement Security, and the Deribit Shares and the StarkWare Shares are identifiable proceeds and absent emergency relief, Three Arrows will continue unabated in its scheme to default on their payment obligations to Genesis and dissipate assets.[2] *See Lagemann v. Spence*, No. 1:18-cv-12218-GBD, 2019 WL 4014846, at *2 (S.D.N.Y. Jan. 24, 2019) (granting emergency motion to temporarily restrain defendant, from, *inter alia*, dissipating assets held in any cryptocurrency wallet or cryptocurrency trading account); *Morri N.Y. Foods Corp. v. DeFilippo*, 34 A.D.3d 223, 224 (1st Dep't 2006) (affirming an order directing the parties to deposit certain monies which were "specifically identifiable, and their loss was likely during the pendency of the action"); *Sau Thi Ma v. Xaun T. Lien*, 198 A.D.2d 186, 186 (1st Dep't 1993) ("[I]f the requested [preliminary injunction escrowing funds] is not granted, a substantial amount of money may be dissipated or otherwise unavailable for recovery."); *Amity Loans, Inc. v. Sterling Nat'l Bank & Tr. Co.*, 177 A.D.2d 277, 279 (1st Dep't 1991) ("[I]njunctive relief is appropriate to remedy the conversion of identifiable proceeds as sought in the underlying action"). Pursuant to AAA Rule 38(e), immediate and irreparable harm will result in the absence of emergency relief. In comparison, Three Arrows will suffer no harm if this motion is granted, as any such order would only require Three Arrows to do what is already required of them under its contracts with Genesis.

---

[2] Pursuant to AAA Rule 38(a), the arbitration clauses in the relevant agreements were entered into after October 1, 2013, and as such AAA Rule 38 applies.

Pursuant to AAA Rule 38(b), I have provided notice to Three Arrows at the address set forth in the notice provisions of the relevant agreements (set forth below in the "CC" line).

Respectfully submitted,

/s/ Jason Gottlieb

Jason Gottlieb

CC: Three Arrows Capital Ltd
7 Temasek Boulevard #21-04
Singapire, Singapore 038987
Attn: Kyle Davis, Su Zhu
kyle@threearrowscap.com
su.zhu@threearrowscap.com

Exhibit A

AMERICAN ARBITRATION ASSOCIATION

In the Matter of the Arbitration of a Certain Controversy Between GENESIS ASIA PACIFIC PTE. LTD., Claimant, - against – THREE ARROWS CAPITAL LTD, Respondents.	**CLAIMANT'S ARBITRATION DEMAND AND STATEMENT OF CLAIM**

Claimant Genesis Asia Pacific PTE. LTD. ("Genesis") hereby demands arbitration under the American Arbitration Association Commercial Arbitration Rules, and sets forth the following Statement of Claim in this arbitration proceeding against Respondent Three Arrows Capital Ltd ("Three Arrows").

NATURE OF THE DISPUTE

1. This is an action for Three Arrows' failure to deliver to Genesis certain collateral required, and to repay its entire loan balance, under two umbrella master loan agreements.

2. Genesis's predecessor-in-interest Genesis Global Capital, LLC ("Genesis Global Capital") and Three Arrows entered into a Master Loan Agreement dated January 10, 2019 (the "2019 MLA") setting forth the terms under which Three Arrows could borrow cryptocurrency or fiat currency from Genesis Global Capital. Genesis Global Capital's interest in the 2019 MLA was later assigned to Genesis.

3. Genesis and Three Arrows also entered into a Master Loan Agreement dated January 24, 2020 (the "2020 MLA"). The two MLAs contain very similar terms (though this Statement of Claim notes certain differences in the two MLAs where relevant).

4. Under each MLA, Three Arrows could seek a loan of cryptocurrency or U.S. dollars from Genesis. If Genesis agreed, the parties would memorialize that agreement in a term sheet. Each term sheet would set forth an amount of cryptocurrency or U.S. Dollars to be posted by Three Arrows as collateral.

5. Each MLA also permitted Genesis to issue margin calls to Three Arrows. In the event that the value of the collateral posted by Three Arrows falls to certain levels in comparison to the value of the loaned assets, Genesis is permitted to seek additional collateral to be delivered by Three Arrows to make up the shortfall.

6. Genesis entered into separate pledge agreements with Three Arrows, where Three Arrows pledged certain shares and cryptocurrency as security for Three Arrows' obligations under the MLAs.

7. Due to recent extreme volatility in the cryptocurrency markets, the value of the collateral already posted by Three Arrows decreased significantly in comparison to the loaned assets under the MLAs. As a result, Genesis issued a margin call to Three Arrows, as permitted under the MLAs, seeking sufficient additional collateral to be delivered by Three Arrows to Genesis. Three Arrows failed to provide the additional collateral required, and thus has defaulted under the MLAs. Due to Three Arrows' default, Three Arrows' entire outstanding loan balance – currently $2,360,302,065 – is now due and owing.

8. Even worse, upon information and belief, Three Arrows is in the midst of a severe liquidity crunch, and as a result has been making "deals" with its other lenders and creditors, putting Genesis at significant risk that it will not be made whole.

9. As a result of Three Arrows' conduct, Genesis has been damaged. Genesis is entitled to, *inter alia*, payment of the additional collateral required to be delivered under the MLAs

(which, as of this writing, totals $462,224,747), and is entitled to foreclose on the security pledged by Three Arrows. Genesis is further entitled to all other amounts due and owing to make Genesis whole as a result of Three Arrows' breaches of the MLAs, including but not limited to the entirety of Three Arrows' outstanding loan balance. Genesis is also entitled to repayment of its attorneys' fees and costs.

ARBITRAL JURISDICTION, VENUE, AND GOVERNING LAW

10. AAA has jurisdiction over this arbitration proceeding because § XIII of each of the MLAs states in pertinent part that:

> If a dispute arises out of or relates to this Agreement, or the breach thereof, and if said dispute cannot be settled through negotiation it shall be finally resolved by arbitration administered in the County of New York, State of New York by the American Arbitration Association under its Commercial Arbitration Rules, or such other applicable arbitration body as required by law or regulation, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction. The parties agree to waive their rights to a jury trial. If any preceding [sic] is brought for the enforcement of this Agreement, then the successful or prevailing party shall be entitled to recover attorneys' fees and other costs incurred in such proceeding in addition to any other relief to which it may be entitled.

11. Section 13 of each MLA also specifies that they are "governed by, and shall be construed and enforced under, the laws of the State of New York, without regard to any choice or conflict of laws rules."

THE PARTIES

12. Claimant Genesis Asia Pacific PTE. LTD. is a private limited liability company organized and existing under the laws of Singapore, with its principal place of business at 1 Raffles Quay, #45-03 North Tower, Singapore 048583.

13. Respondent Three Arrows Capital Ltd is a limited liability company organized under the laws of the British Virgin Islands, with its registered office at 7 Temasek Boulevard #21-04 Singapore, Singapore 038987.

STATEMENT OF FACTS

The Parties Enter Into Two Master Loan Agreements

14. Each of the three MLAs provides the terms under which Three Arrows "may, in its sole and absolute discretion, request from [Genesis] a Loan to [Three Arrows] of a specified amount of Digital Currency or U.S. Dollars, and [Genesis] may, in its sole and absolute discretion, extend such Loan or decline to extend such Loan on terms acceptable to Lender and as set forth in a corresponding Loan Term Sheet [a "Term Sheet"]." (MLA § II(A)). True and correct copies of the two MLAs are attached hereto as **Exhibits 1** and **2**.

15. Under § II(B) of each MLA, Three Arrows was permitted to request from Genesis a loan of a specific amount of digital currency or U.S. Dollars. If Genesis agreed to the terms of the loan, the parties would memorialize them in a term sheet.

16. Three Arrows agreed to pay Genesis a "Loan Fee" on each loan which is described in each MLA as the "Loan Fee" and in the Term Sheets as the "Borrow Fee." (MLA § III(a)).

17. The MLAs also state that Three Arrows shall incur a 10% late fee, annualized and calculated daily (the "Late Fee") for every day after the maturity date or the "Recall Delivery Day" (i.e., the date by which Three Arrows is to repay a portion of or the entirety of its loan balance after Genesis makes a "Recall Request") of the loan in which Three Arrows has not returned the entirety of the borrowed assets or has failed to timely pay outstanding Loan Fees. (2019 MLA § III(b); 2020 MLA § III(c)).

18. Any Loan Fees or Late Fees under the MLAs:

> shall be paid by [Three Arrows] upon the earlier of (i) five (5) Business Days after receipt of an invoice from [Genesis] or (ii) the termination of all Loans hereunder . . . . Failure of [Genesis] to timely send an invoice . . . shall not be considered a material default . . . nor shall it relieve [Three Arrows] of its obligation to pay any Loan Fees, Late Fees, and Early Termination Fees owed herein nor negate any Event of Default resulting from [Three Arrows'] failure to timely pay such fees. The Loan Fee, Late Fees, and Early Termination fees shall be payable, unless otherwise agreed by [Three Arrows] and [Genesis] in the same asset that was Borrowed, whether U.S. Dollars or Digital Currency on the same blockchain and of the same type that was loaned by [Genesis] during the Loan.

(2019 MLA § III(c)). The last sentence of the equivalent provision of the 2020 MLA states that the "Loan Fee, Late Fees, and Early Termination Fees shall be payable, unless otherwise agreed by [Three Arrows] and [Genesis] in the Loan Term Sheet, whether U.S. Dollars or Digital Currecy on the same blockchain and of the same type that was loaned by [Genesis] during the Loan." (2020 MLA § III(d)).

19. Additionally, all fees are "payable by [Three Arrows] immediately upon the occurrence of an Event of Default hereunder by [Three Arrows]." (2019 MLA § III(c), 2020 MLA § III(d)).

20. Each MLA contains certain collateral requirements. Under the MLAs, each term sheet would enumerate an amount of collateral – whether in U.S. Dollars or in cryptocurrency – to be posted by Three Arrows by Genesis for each loan ("Collateral"). The Collateral to be delivered shall be in U.S. dollars or cryptocurrency (with such choice at the sole discretion of Genesis). (MLA § IV(a)).

21. The Collateral enumerated in the MLAs "shall be security for [Three Arrows'] obligations in respect of such Loan and for any other obligations of [Three Arrows] to [Genesis] hereunder." (MLA § IV(a)). Three Arrows "pledges with, assigns to, and grants [Genesis] a continuing first priority security interest in, and a lien upon, the Collateral, which shall attach upon

the transfer of the Loaned Assets by [Genesis] to [Three Arrows] and which shall cease upon the return of the Loaned Assets by [Three Arrows] to [Genesis]." (MLA § IV(a)).

22. Section IV(c) permits Genesis to issue margin calls, though the relevant paragraphs in the two MLAs are slightly different. The 2019 MLA provides that "if the value of the Collateral, using the current spot rate as indicated on GDAX, as a percentage of the 'Amount of Asset' specified on the Loan Term Sheet falls below the 'Margin Call Level' on the Loan Term Sheet, [Genesis] shall have the right to require [Three Arrows] to contribute additional Collateral [the "Additional Collateral"] so that the Collateral value as a percentage of the 'Amount of Asset' is equal to the 'Collateral Level' as indicated on the Loan Term Sheet (the 'Additional Collateral')." (2019 MLA § IV(c)).

23. The equivalent provision in the 2020 MLA provides that "if the value of the Loaned Assets becomes equal to or greater than the value of the Collateral (the 'Margin Call Limit'), [Genesis] shall have the right to require [Three Arrows] to contribute additional Collateral so that the Collateral is at least the same percentage indicated in Section IV(a) relative to the value of the Loaned Assets (the 'Additional Collateral')." (2020 MLA § IV(c)).

24. The MLAs contain detailed margin call instructions, though the relevant paragraphs in the two MLAs are slightly different. The 2019 MLA provides that in the event that Genesis requires Three Arrows to contribute Additional Collateral, Genesis shall first send an email (the "First Notification") to Three Arrows setting forth certain required information, including the amount of Additional Collateral required. Three Arrows shall have twelve hours to respond to the First Notification and either send the Additional Collateral or explain why the relevant spot rate has sufficiently changed such that no Additional Collateral is required. If Three Arrows fails to respond to the First Notification or if Genesis rejects Three Arrows' response, Genesis shall send

a second email notification (the "Second Notification") repeating the same information. Three Arrows shall have six hours to sufficiently respond to the Second Notification. Failure to respond to the First Notification or Second Notification shall give Genesis the option to declare an "Event of Default." (2019 MLA § IV(c)).

25. The 2020 MLA provides that in the event that Genesis requires Three Arrows to contribute Additional Collateral, Genesis shall first send the First Notification to Three Arrows setting forth certain required information, including the amount of Additional Collateral required. Three Arrows shall have six hours to respond to the First Notification and either send the Additional Collateral or explain why the relevant spot rate has sufficiently changed such that no Additional Collateral is required. If Three Arrows fails to respond to the First Notification or if Genesis rejects Three Arrows' response, Genesis shall send the Second Notification repeating the same information. Three Arrows shall have three hours to sufficiently respond to the Second Notification. Failure to respond to the First Notification or Second Notification shall give Genesis the option to declare an "Event of Default."

26. The MLAs lists numerous events that comprise events of default (each an "Event of Default"), including but not limited to: the failure to return any loaned assets upon the termination of any loan; the failure to pay any Loan Fees or Late Fees; the failure to transfer Collateral or Additional Collateral to Genesis; the failure to respond to a First Notification or Second Notification; failure to abide by Three Arrows' obligations under Section IV of the MLA; or any event that has a material adverse effect on Three Arrows and Three Arrows' ability to perform its obligation under the MLAs. (MLA § VIII).

27. Upon an Event of Default by Three Arrows, Genesis has several rights and remedies available to it, including but not limited to declaring the entire loan balance immediately

due and payable; transferring any Collateral from the collateral account to Genesis's operating account (including to using such Collateral to purchase sufficient relevant cryptocurrency to replenish Genesis's supply of that cryptocurrency); and purchasing on Genesis's own account a like amount of loaned assets and then collect from Three Arrows amounts expended for such purpose. (MLA § IX(a)).

28. In the event that the purchase price of any replacement cryptocurrency pursuant to §§ IX(a)(3)-(4) of the MLA exceeds the amount of the Collateral, Three Arrows shall be liable to Genesis for the amount of such excess, together with interest thereon. The 2019 MLA provides for interest "as specific in the Term Sheet" and the 2020 MLA provides for interest of "10% or as modified in the Term Sheet." Both MLA state that "[a]s security for [Three Arrows'] obligation to pay such excess, [Genesis] shall have, and [Three Arrows] hereby grants, a security interest in any property of [Three Arrows] then held by or for [Genesis] and a right of setoff with respect to such property and any other amount payable by [Genesis] to [Three Arrows]." (MLA § IX(c)).

29. If Three Arrows fails to pay any amounts due under the MLAs and/or if any Events of Default occur, Three Arrows shall pay to Genesis "all reasonable costs and expenses, including without limitation, reasonable attorneys' fees and court costs, broker fees, and technology costs incurred by [Genesis] in connection with the enforcement of its rights hereunder." (MLA § XII).

30. Additionally, as noted above, the arbitration clause in the MLAs provides that "the successful or prevailing party shall be entitled to recover attorneys' fees and other costs incurred in such proceeding in addition to any other relief to which it may be entitled." (MLA § XIII).

The 2019 MLA Is Assigned to Genesis

31. As noted above, Genesis's predecessor-in-interest Genesis Global Capital initially was the lender under the 2019 MLA.

32. On July 20, 2020, Genesis Global Capital, Genesis, and Three Arrows entered into an Assignment and Assumption of Master Loan Agreement (the "Assignment Agreement"). A true and correct copy of the Assignment Agreement is attached hereto as **Exhibit 3**.

33. Pursuant to the Assignment Agreement, Genesis Global Capital assigned its rights under the 2019 MLA to Genesis.

Three Arrows Enter into Term Sheets with Genesis

34. As explained above, under each MLA, if Genesis accepts a lending request from Three Arrows, the parties would enter into a term sheet memorializing the terms of such loan.

35. The value of the outstanding loans borrowed by Three Arrows from Genesis currently totals $2,360,302,065.

The Pledge Agreements

36. Separate and apart from the Collateral posted pursuant to the terms of each Term Sheet, Genesis and Three Arrows entered into several pledge agreements pursuant to which Three Arrows pledged their interests in certain shares and cryptocurrency held in certain wallets as security for Three Arrows' obligations under the MLA.

37. On May 28, 2020, Genesis's predecessor-in-interest Genesis Global Capital and Three Arrows entered into a Pledge Agreement under which Three Arrows agreed to secure its performance under the 2019 MLA (the "2020 Pledge Agreement"). A true and correct copy of the 2020 Pledge Agreement is attached hereto as **Exhibit 4**. Genesis Global Capital later assigned its rights under the 2020 Pledge Agreement to Genesis in the Assignment Agreement described above,

38. In the 2020 Pledge Agreement, in order to secure its performance under the 2019 MLA, Three Arrows agreed that it "pledges, assigns, and grants to [Genesis] a first priority security

interest and lien" in, among other things, Three Arrows' equity interests in 2,125,794 shares of Grayscale Bitcoin Trust (the "2020 Pledge Agreement Security"). (2020 Pledge Agreement § 1).

39. The 2020 Pledge Agreement Security was intended to secure (each of the following, a "Secured Obligation"):

> (a) all payment obligations and any applicable interest therein (including interest accruing after the filing of any bankruptcy or similar petition) and (b) all other fees and commissions (including attorneys' fees in connection with [Genesis's] enforcement or protection of its rights under the [2019 MLA] or any Loan Document), charges, indebtedness, loans, liabilities, financial accommodations, obligations, covenants and duties, in each case owing by [Three Arrows] to [Genesis] under the [2019 MLA] and any Loan Document , and whether or not evidenced by any note and including interest and fees that accrue after the commencement by or against [Three Arrows] of any proceeding under any bankruptcy or insolvency law or other similar law affecting creditors' rights, naming [Three Arrows] as the debtor in such proceeding, including fees, indemnification obligations, expenses or otherwise, and all costs and expenses of administering or maintaining the Collateral and of enforcing the right of [Genesis] hereunder and under the [2019 MLA] and the other Loan Documents.

(2020 Pledge Agreement § 2).

40. Three Arrows covenanted to "perform all of its agreements herein, in the [2019 MLA] and in the other Loan Documents." (2020 Pledge Agreement § 5(a)).

41. Three Arrows also covenanted that the 2020 Pledge Agreement Security "is a valid and binding first priority security interest in the Collateral subject to no other liens or security interests, and [Three Arrows] shall keep the Collateral free from all liens and security interests, except those for taxes not yet due and payable and the security interest hereby created." (2020 Pledge Agreement § 5(c)).

42. Three Arrows also agreed to

> pay all costs necessary to preserve, perfect, defend and enforce the security interest created by [the 2020 Pledge Agreement] . . . , collect the Secured Obligations, and preserve, defend, enforce and collect

> the Collateral, including but not limited to payment of taxes, assessments, reasonable attorney's fees, reasonable legal expenses and reasonable expenses of sales. Whether the Collateral is or is not in [Genesis's] possession, and without any obligation to do so and without waiving [Three Arrows'] default for failure to make any such payment, [Genesis], at its option, may pay any such costs and expenses and discharge encumbrances on the Collateral, and such payments shall be a part of the Secured Obligations.

(Pledge Agreement § 5(d)).

43. The 2020 Pledge Agreement defines "Event of Default" to mean "any 'Event of Default' under the [201 9MLA] with respect to which [Three Arrows] is the Defaulting Party." (2020 Pledge Agreement § 8(a)).

44. In the event of an Event of Default under the 2020 Pledge Agreement, Genesis is permitted to, among other things, declare the 2020 Pledge Agreement Security immediately due and payable, or liquidate the 2020 Pledge Agreement Security. (2020 Pledge Agreement § 8(b)).

45. An Event of Default under the 2020 Pledge Agreement also permits Genesis to:

> vote the Collateral, take control of proceeds, including stock received as dividends or by reason of stock splits; take control of funds generated by the Collateral, such as cash dividends, interest and proceeds, and use same to reduce any part of the Secured Obligations and exercise all other rights which an owner of such Collateral may exercise; and, at any time, transfer any of the Collateral or evidence thereof into its own name or that of its nominee.

(2020 Pledge Agreement § 7).

46. On June 4, 2020, Genesis's predecessor-in-interest Genesis Global Capital and Three Arrows entered into the Pledge Supplement (the "June 4, 2020 Pledge Supplement") under which Three Arrows pledged its interest in an additional 446,928 shares in Grayscale Ethereum Trust to Genesis as 2020 Pledge Agreement Collateral. A true and correct copy of the June 4, 2020 Pledge Supplement is attached hereto as **Exhibit 5**.

47. On June 16, 2020, Genesis's predecessor-in-interest Genesis Global Capital and Three Arrows entered into the Pledge Supplement (the "June 16, 2020 Pledge Supplement") under which Three Arrows pledged its interest in an additional 2,076,238 shares in Grayscale Bitcoin Trust to Genesis as 2020 Pledge Agreement Collateral. A true and correct copy of the June 16, 2020 Pledge Supplement is attached hereto as **Exhibit 6**.

48. On November 16, 2021, Genesis and Three Arrows entered into a Pledge Agreement (the "2021 Pledge Agreement") under which Three Arrows agreed to secure its performance under the 2020 MLA. A true and correct copy of the 2021 Pledge Agreement is attached hereto as **Exhibit 7**.

49. In the 2021 Pledge Agreement, in order to secure its performance under the 2020 MLA, Three Arrows agreed that it "pledges, assigns, and grants to [Genesis] a first priority security interest lien" in, among other things, Three Arrows' equity interests in 13,241,612 shares of Grayscale Bitcoin Trust held in an account with TradeStation Securities, Inc. ("TradeStation") (the "2021 Pledge Agreement Security"). (2021 Pledge Agreement § 1).

50. The other relevant terms of the 2021 Pledge Agreement are nearly identical to the equivalent terms in the 2020 Pledge Agreement.

51. In connection with the 2021 Pledge Agreement, on November 15, 2021, Genesis, Three Arrows, and TradeStation, entered into an Account Control Agreement (the "2021 Account Control Agreement"). A true and correct copy of the 2021 Account Control Agreement is attached hereto as **Exhibit 8**.

52. The 2021 Account Control Agreement provides that in order to secure Three Arrows' performance under the 2020 MLA, Three Arrows has granted to Genesis a security

interest in TradeStation account number 11345090, the account holding the 2021 Pledge Agreement Security (the "TradeStation Account").

53. The 2021 Account Control Agreement further appoints TradeStation as the "Securities Intermediary" and sets forth the rights and obligations of the parties vis-à-vis the TradeStation Account, including any distribution of the 2021 Pledge Agreement Security from the TradeStation Account.

54. On January 27, 2022, Genesis and Three Arrows entered into a Pledge Agreement (the "2022 Pledge Agreement") under which Three Arrows agreed to secure its performance under the 2019 MLA. A true and correct copy of the 2022 Pledge Agreement is attached hereto as **Exhibit 9**.

55. In the 2022 Pledge Agreement, in order to secure its performance under the 2019 MLA, Three Arrows agreed that it "pledges, assigns, and grants to [Genesis] a first priority security interest lien" in 2,739,043.83 AVAX tokens at the wallet address avax1flenwaa6k5tu68havtarz92qcpfzta6hem4nxg and 13,583,265 NEAR tokens at the wallet address 6dd346cdb8a2c9a6b8ceb2f959d7725e1b62b4778fe77997bfa330f1491d02ba, and any proceeds from such cryptocurrency (the "2022 Pledge Agreement Security").

56. The other relevant terms of the 2022 Pledge Agreement are nearly identical to the equivalent terms in the 2020 Pledge Agreement.

57. On the same day of the 2022 Pledge Agreement, January 27, 2022, Genesis and Three Arrows entered into an Amendment to Master Loan Agreement (the "2022 Amendment"). A true and correct copy of the 2022 Amendment is attached hereto as **Exhibit 10**.

58. The 2022 Amendment amended the 2019 MLA to specifically add a reference to the 2022 Pledge Agreement to the 2019 MLA.

59. The 2022 Amendment also added a new section to the 2019 MLA under which Three Arrows guaranteed that if it did not meet its obligations to Genesis under the 2019 MLA, the 2022 Pledge Agreement Security "shall be taken into [Genesis's] possession as they are identified as Collateral under this Agreement."

Three Arrows Fails to Deliver Additional Collateral in Response to a Margin Call, Breaching the MLAs

60. As explained above, each MLA required Three Arrows to post certain Collateral with Genesis, as set forth in each Term Sheet. If the value of that Collateral decreases beyond certain limits, Genesis shall have the right to ask Three Arrows to deliver Additional Collateral.

61. That is exactly what happened on or about June 12, 2022. That day, on or about 11:47 pm ET, Genesis sent an email to Three Arrows stating "Genesis loans have reached margin refill threshold – seeing a margin call for $189,259,615. Can you please let us know how you would like to satisfy the call."

62. On June 13, 2022 at 12:13 am ET, Kyle Davies of Three Arrows responded "Acknowledged." Mr. Davies did not elaborate.

63. The next morning, June 13, 2022 at 5:55 am ET, Genesis followed up, changed the subject line to add "2nd Notice," and stated: "As indicated earlier, Genesis loans remain below the margin refill threshold. The updated margin call amount is $290,443,060. Please advise and/or acknowledge when you have a moment."

64. Not having received a response, on June 13, 2022 at 11:34 am, Genesis followed up with an "updated second notice and refreshing calcs here given recent market movements. The updated margin call amount is $354,546,337." The email included a chart explaining that calculation. A true and correct copy of the emails between Genesis and Three Arrows between June 12 and June 13, 2022 is attached hereto as **Exhibits 11** and **12**.

65. To date, Three Arrows has failed to deliver any Additional Collateral to Genesis as a result of the margin call.

66. Three Arrows' failure to deliver Additional Collateral constitutes an "Event of Default" under the MLAs.

67. On June 13, 2022, Genesis sent a notice of default to Three Arrows (the "Notice of Default"). A true and correct copy of the Notice of Default is attached hereto as **Exhibit 13**.

68. The Notice of Default states that Three Arrows' failure to contribute $334,295,523 in Additional Collateral (the amount due at the time the Notice of Default was sent on June 13, 2022) constituted an Event of Default under the MLAs. The Notice of Default further advised that the entire loan balance for each loan under the MLAs was now immediately due and payable.

There Is Significant Risk of Three Arrows Dissipating Assets

69. As noted above, Three Arrows has been extremely non-responsive to Genesis's margin calls and other communications.

70. Upon information and belief, Three Arrows recently lost significant amounts due to the recent market volatility, and is in the midst of a severe liquidity crunch.

71. Upon information and belief, Genesis is not the only creditor or potential creditor of Three Arrows. Upon information and belief, Three Arrows owes significant amounts to other cryptocurrency lenders and does not have the ability to meet those repayment obligations. Upon information and belief, Three Arrows has been discussing or even making side "deals" with certain lenders and/or creditors, putting what little assets Three Arrows still has left in jeopardy of not being available to make Genesis whole.

72. Prior to Three Arrows' non-responsiveness to Genesis's margin calls, Three Arrows informed Genesis that it indirectly owned 20,319.377 shares in Sentillia B.V. f/k/a Deribit

B.V. (the "Deribit Shares") and directly owned 7,403,860 shares in StarkWare Industries Ltd. (the "StarkWare Shares"). In light of Three Arrows' conduct, it is likely that Three Arrows will seek, or has already sought, to dissipate such assets.

73. Three Arrows has refused to provide Genesis with a complete list of its other assets.

CLAIMS FOR RELIEF

CLAIM ONE

(Breach of the MLAs)

74. Genesis hereby incorporates by reference all allegations set forth previously in this Statement of Claim as though fully set forth herein.

75. Genesis and Three Arrows are parties to the 2020 MLA. Genesis's predecessor-in-interest Genesis Capital and Three Arrows are parties to the 2019 MLA, though Genesis Capital assigned its interest in the 2019 MLA to Genesis. As such, Genesis and Three Arrows are parties to both MLAs.

76. Genesis complied with all of its contractual obligations under both MLAs.

77. As set forth above, Three Arrows breached the MLAs by failing to deliver any Additional Collateral to Genesis in response to a duly issued margin call pursuant to § IV(c) of both MLAs. Such failure to deliver Additional Collateral constitutes an "Event of Default" under the MLAs. As set forth in the Notice of Default, the entire amount of Three Arrows' loan balance is now due and owing.

78. As a result of Three Arrows' breach of the MLAs, Genesis is entitled to relief and damages to be proven at a final hearing, but no less than an award of sufficient Additional Collateral to comply with to § IV(c) of both MLAs; plus the right for Genesis to foreclose on, and

take possession of the 2020 Pledge Agreement Security and the 2022 Pledge Agreement Security[1] towards satisfaction of Three Arrows' indebtedness without waiver of Genesis's other rights and remedies; all other amounts due and owing to make Genesis whole as a result of Three Arrows' breaches of the MLAs, including but not limited to the entirety of Three Arrows' outstanding loan balance; and the repayment of Genesis's attorneys' fees and costs pursuant to §§ XII and XIII of the MLAs, plus interest at the New York statutory rate.

REQUEST FOR RELIEF

WHEREFORE, Claimant Genesis respectfully demands the following relief, and requests that the Arbitrator enter an award in favor of Genesis and against Three Arrows as follows (while expressly reserving the right to amend or supplement this demand as needed) containing:

1. An award on Claim One in an amount to be determined at a final hearing, but no less than:
    a. an award of sufficient Additional Collateral to comply with § IV(c) of both MLAs;
    b. the right for Genesis to foreclose on, and take possession of the 2020 Pledge Agreement Security and the 2022 Pledge Agreement Security towards satisfaction of Three Arrows' indebtedness without waiver of Genesis's other rights and remedies;
    c. all other amounts due and owing to make Genesis whole as a result of Three Arrows' breaches of the MLAs, including but not limited to the entirety of

[1] Because Three Arrows has posted Collateral with respect to each Term Sheet, and because Three Arrows entered into the 2021 Account Control Agreement with respect to the 2021 Pledge Agreement Security, Genesis is not seeking foreclosure of the Collateral already delivered or the 2021 Pledge Agreement Security – as to these two categories, Genesis already has the contractual right to foreclose, and has done or will do so. Genesis reserves all rights to amend its claims, however, including in the event that a dispute arises concerning Genesis's right to such Collateral or 2021 Pledge Agreement Security.

Three Arrows' outstanding loan balance, which currently is $2,360,302,065;

d. the repayment of Genesis's attorneys' fees and costs pursuant to §§ XII and XIII of the MLAs;

e. interest at the New York statutory rate; and

2. Such other and further relief as the Arbitrator deems just and proper.

Dated: New York, New York
June 15, 2022

MORRISON COHEN LLP

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Exhibit 1

MASTER LOAN AGREEMENT

This Master Loan Agreement ("Agreement") is made on this 10th day of January 2019 ("Effective Date") by and between Genesis Global Capital, LLC ("Genesis" or "Lender"), a corporation organized and existing under the laws of Delaware with its principal place of business at 111 Town Square Place, Suite 1203, Jersey City, NJ 07310 and Three Arrows Capital Ltd ("Three Arrows Capital" or "Borrower") a corporation organized and existing under the laws of British Virgin Islands, with its registered office at 7 Temasek Boulevard #21-04 Singapore, Singapore 038987

RECITALS

WHEREAS, subject to the terms and conditions of this Agreement, Borrower may, from time to time, seek to initiate a transaction pursuant to which Lender will lend U.S. Dollars or Digital Currency to Borrower, and Borrower will return such U.S. Dollars or Digital Currency to Lender upon the termination of the Loan; and

Now, therefore, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which hereby acknowledged, the Borrower and the Lender hereby agree as follows:

I. Definitions

"***Airdrop***" means a distribution of a new token or tokens resulting from the ownership of a preexisting token. For the purposes of Section V, an "***Applicable Airdrop***" is an Airdrop for which the distribution of new tokens can be definitively calculated according to its distribution method, such as a pro rata distribution based on the amount of the relevant Digital Currency held at a specified time. A "***Non-Applicable Airdrop***" is an Airdrop for which the distribution of new tokens cannot be definitively calculated, such as a random distribution, a distribution to every wallet of the relevant Digital Currency, or a distribution that depends on a wallet of the relevant Digital Currency meeting a threshold requirement.

"***Authorized Agent***" has the meaning set forth in Exhibit A.

"***Borrower***" means Three Arrows Capital Ltd

"***Borrowed Amount***" refers to the value of the Loaned Assets in U.S. dollars on the Loan Effective Date.

"***Borrower Email***" means kyle@threearrowscap.com

"***Business Day***" means a day on which Genesis is open for business, following the New York Stock Exchange calendar of holidays.

"***Business Hours***" means between the hours of 9:00 am to 5:00 pm New York time on a Business Day.

"***Call Option***" means Lender has the option to demand immediate payment of a portion or the entirety of the Loan Balance at any time, subject to this Agreement.

"Close of Business" means 5:00 pm New York time.

"Collateral" is defined as set forth in Section IV(a)

"***Demand Loan***" means a Loan without a Maturity Date where the Lender has a Call Option.

"***Digital Currency***" means Bitcoin (BTC), Bitcoin Cash (BCH), Ether (ETH), Ether Classic (ETC), or Litecoin (LTC), or any digital currency that the Borrower and Lender agree upon.

"***Digital Currency Address***" means an identifier of 26-34 alphanumeric characters that represents a digital identity or destination for a transfer of Digital Currency.

"Fixed Term Loan" means a Loan with a pre-determined Maturity Date, where Borrower does not have a Prepayment Option and Lender does not have a Call Option.

"Hard Fork" means a permanent divergence in the block chain (e.g. when non-upgraded nodes cannot validate blocks created by upgraded nodes that follow newer consensus rules, or an airdrop or any other event which results in the creation of a new token).

"***Lender***" means Genesis.

"***Loan***" means a request for a loan or an actual loan of Digital Currency or U.S. Dollars made pursuant to and in accordance with this Agreement and a Loan Term Sheet.

"***Loan Balance*** " means the sum of all outstanding amounts of Loaned Asset , Loan Fees, Late Fees, and any Earlier Termination Fee for a particular Loan.

"***Loan Documents***" means this Master Loan Agreement and any and all Loan Term Sheets entered into between Lender and Borrower.

"***Loan Effective Date***" means the date upon which a Loan begins.

"***Loan Fee***" means the fee paid by Borrower to the Lender for the Loan.

"***Loan Term Sheet***" means the agreement between Lender and Borrower on the particular terms of an individual Loan, which shall be memorialized in an agreement as set forth in Exhibit B or in a form approved by Lender comparable therewith.

"***Loaned Assets***" means any Digital Currency or U.S. Dollar amount transferred in a Loan hereunder until such Digital Currency (or identical Digital Currency) or U.S. Dollar amount is transferred back to Lender hereunder. For purposes of return of Loaned Digital Currency by

Borrower or purchase or sale of Digital Currencies pursuant to Section IX, such term shall include Digital Currency of the same quantity and type as the Digital Currency.

"***Maturity Date***" means the pre-determined future date upon which a Loan becomes due in full.

"***Open Loan***" means a Loan without a Maturity Date where Borrower has a Prepayment Option and Lender has a Call Option.

"***Prepayment Option***" means the Borrower has the option to repay or return the Loaned Assets prior to the Maturity Date, subject to this Agreement.

"***Term***" means the period from the Loan Effective Date through Termination Date.

"***Term Loan with Call Option***" means a Loan with a pre-determined Maturity Date where Lender has a Call Option.

"***Term Loan with Prepayment Option***" means a Loan with a pre-determined Maturity Date where Borrower has a Prepayment Option.

"***Term Loan with Call and Prepayment Options***" means a Loan with a pre-determined Maturity Date where Borrower has a Prepayment Option and Lender has a Call Option.

"***Termination Date***" means the date upon which a Loan is terminated.

II. General Loan Terms.

(a) Loans of Digital Currency or U.S. Dollars

Subject to the terms and conditions hereof, Borrower may, in its sole and absolute discretion, request from the Lender a Loan to Borrower of a specified amount of Digital Currency or U.S. Dollars, and Lender may, in its sole and absolute discretion, extend such Loan or decline to extend such Loan on terms acceptable to Lender and as set forth in a corresponding Loan Term Sheet.

(b) Loan Procedure

From time to time during the Term of this Agreement, during the hours of 9:00 am New York time to 4:00 pm New York time on a Business Day (the "Request Day"), by email directed to lend@genesiscap.co (or such other address as Lender may specify in writing), an Authorized Agent of Borrower may request from Lender a Loan of a specific amount of Digital Currency or U.S. Dollars (a "Lending Request"). Provided Lender receives such Lending Request prior to 3:00 pm New York time, Lender shall by email directed to Borrower Email (or such other address as Lender may specify in writing) to inform Borrower whether Lender agrees to make such a Loan. If Lender fails to provide Borrower with an acceptance as to a particular Lending Request prior to Close of Business on the Request Day, such Lending Request shall be deemed to have be denied by Lender.

As part of its Lending Request, Borrower shall provide the following proposed terms:

(i) Whether U.S. Dollars or Digital Currency, and if Digital Currency, the type of Digital Currency;
(ii) the amount of Digital Currency or U.S. Dollars;
(iii) whether the Loan is to be a Fixed Term Loan, a Term Loan with Prepayment Option, or an Open Loan;
(iv) the Loan Effective Date;
(v) the Maturity Date (if a Fixed Term Loan or a Term Loan with Prepayment Option).

If Lender agrees to make a Loan, Lender shall commence transmission to either (x) the Borrower's Digital Currency Address the amount of Digital Currency; or (y) Borrower's bank account by bank wire the amount of U.S. Dollars, as applicable, as such Digital Currency Address or bank wire instruction is set forth in the Lending Request on or before Close of Business on the Request Day.

The specific and final terms of a Loan shall be memorialized using the Loan Term Sheet. In the event of a conflict of terms between this Master Loan Agreement and a Loan Term Sheet, the terms in the Loan Term Sheet shall govern.

(c) Loan Repayment Procedure

(i) Loan Repayment

Unless otherwise specified in subsections (ii) and (iii) below, upon the earlier of the Maturity Date, the Recall Delivery Day, or the Redelivery Day (as defined below) for a Loan, Borrower shall repay the entirety of the Loan Balance to Lender by Close of Business.

(ii) Call Option

For Loans in which the Lender has a Call Option (e.g. Open Loans, etc.), Lender may during Business Hours (the "Recall Request Day") demand repayment of a portion or the entirety of the Loan Balance (the "Recall Amount"). Lender will notify Borrower of Lender's exercising of this right by email to Borrower's Email. Borrower will then have until Close of Business on the second Business Day after the Recall Request Day (the "Recall Delivery Day") to deliver the Recall Amount.

In the event of a Call Option where Lender demands only a portion of the Loan Balance, Borrower shall repay said portion of the Loan Balance on the Recall Day and the remaining portion of the Loan Balance on the earlier of the Maturity Date or the subsequent Recall Delivery Day.

(iii) Prepayment Option

For Loans in which Borrower has a Prepayment Option (e.g. Open Loans, Term Loans with Prepayment Option, etc.), Borrower may notify Lender during Business Hours of Borrower's intent to return the Loan prior maturity or Lender's exercising of its Call Option without being subject to Early Termination Fees as set forth in Section III(d). Borrower shall provide said notice at least two Business Days prior to the date on which the Borrower will repay all or a portion of the Loan Balance (said later date, the "Redelivery Date"). Borrower's exercising of its Prepayment Option shall not relieve it of any of its obligations herein, including without limitation its payment of owed Loan Fees and Late Fees.

In the event of a Prepayment Option where the Borrower repays only a portion of the Loan Balance, Borrower shall repay said portion of the Loan Balance on the Redelivery Day and the remaining portion of the Loan Balance on the earlier of the Maturity Date, Recall Day, or subsequent Redelivery Day.

(d) Termination of Loan

Loans will terminate upon the earlier of:

(i) the Maturity Date;

(ii) the repayment of the Loan Balance by Borrower prior to the Maturity Date;

(iii) Upon an Event of Default as defined in Section VII; however, Lender shall have the right in its sole discretion to suspend the termination of a Loan under this subsection (iii) and reinstitute the Loan. In the event of reinstitution of the Loan pursuant to the preceding sentence, Lender does not waive its right to terminate the Loan hereunder.

Nothing in the forgoing shall cause, limit, or otherwise affect the Term and termination of this Agreement except as specified in Section XXIV.

III. Loan Fees and Transaction Fees.

(a) Loan Fee

Unless otherwise agreed, Borrower agrees to pay Lender a Loan Fee on each Loan.
When a Loan is executed, the Borrower will be responsible to pay the Loan Fee as agreed to herein and in the relevant Loan Term Sheet, annualized and subject to change if thereafter agreed by Borrower and Lender. Except as Borrower and Lender may otherwise agree, Loan Fees shall accrue from and include the date on which the Loaned Assets are transferred to Borrower to the date on which such Loaned Assets are repaid in their entirety to Lender.

Lender shall calculate any Loan Fees owed on a daily basis and provide Borrower with the calculation upon request. The Loan Fee will be calculated off all outstanding portions of the Loaned Assets.

(b) Late Fee

For each Calendar Day in excess of the Maturity Date or the Recall Delivery Day (whichever is applicable) in which Borrower has not returned the entirety of the Loaned Assets or failed to timely pay any outstanding Loan Fee in accordance with section III(c), Borrower shall incur an additional fee (the "Late Fee") of a 10% (annualized, calculated daily) increase on top of the Loan Fee.

(c) Payment of Loan Fees and Late Fees

Unless otherwise agreed, any Loan Fee or Late Fees payable hereunder shall be paid by Borrower upon the earlier of (i) five (5) Business Days after receipt of an invoice from Lender or (ii) the termination of all Loans hereunder (the "Payment Due Date"). An invoice for Loan Fees and any Late Fees (the "Invoice Amount") shall be sent out on the first Business Day of the month and shall include any Loan Fees, Late Fees, and Early Termination Fees incurred during the previous month. Borrower shall have up to five Business Days from sending of said Invoice to pay the Invoice Amount . Failure of Lender to timely send an invoice in accordance with the preceding sentence shall not relieve Borrower of its obligation to pay any Loan Fees, Late Fees, and Early Termination Fees owed herein nor negate any Event of Default resulting from Borrower's failure to timely pay such fees. The Loan Fee, Late Fees, and Early Termination Fees shall be payable, unless otherwise agreed by the Borrower and Lender, in the same asset that was Borrowed, whether U.S. Dollars or Digital Currency on the same blockchain and of the same type that was loaned by the Lender during the Loan.

Notwithstanding the foregoing, in all cases, all Loan Fees, Late Fees, and Early Termination Fees shall be payable by Borrower immediately upon the occurrence of an Event of Default hereunder by Borrower.

(d) Early Termination Fees

For Fixed Term Loans and Term Loans with Call Options, if Borrower returns the Loaned Assets prior to the Maturity Date, Borrower shall pay to Lender an "Early Termination Fee" equal to thirty percent (30%) of the Loan Fee that would have accrued from the date of the repayment until the Maturity Date of the Loan. The Early Termination Fee is due with the repayment of the Loaned Assets. The Early Termination Fee shall not apply if Borrower returns the Loaned Assets to Lender in the event of a Hard Fork (as defined in Section IV) for the purposes of allowing Lender to split the tokens in accordance with Section IV (h).

(e) Taxes and Fees

All transfer or other taxes or third party fees payable with respect to the transfer, repayment, and/or return of any Loaned Assets or Collateral hereunder shall be paid by Borrower.

IV. Collateral Requirements

(a) Collateral

Unless otherwise agreed by the parties, or modified as set forth below, Borrower shall provide as collateral an amount of U.S. Dollars, Bitcoin or Ether (such choice at the sole discretion of Lender), to be determined and agreed upon by the Borrower and Lender ("Collateral") and memorialized using the Loan Term Sheet. The Collateral will be calculated as a percentage of the value of the Loaned Assets, such value determined by a spot rate agreed upon in the Loan Term Sheet. Borrower shall, prior to or concurrently with the transfer of the Loaned Assets to Borrower, but in no case later than the Close of Business on the day of such transfer, transfer to Lender the agreed upon Collateral.

Collateral shall always be valued in U.S. Dollars, but Borrower may, if mutually agreed by both parties, provide the Collateral (in whole or in part) to Lender in Bitcoin or Ether in an amount equal to the value of the Collateral in U.S. Dollars at a spot rate determined by Lender. For the avoidance of doubt, upon the repayment of the Loaned Assets at the termination of a Loan, Lender shall return to Borrower the same amount and type of Collateral that was deposited, net of any Additional Collateral or Margin Call adjustments (as defined below in paragraph (b)). If a Hard Fork in the Bitcoin or Ether blockchain meeting the criteria in Section V occurs while Lender is holding Bitcoin or Ether as Collateral, Lender shall return the New Tokens (as defined in Section V) to Borrower in addition to the Collateral and Additional Collateral. If a Hard Fork occurs that does not meet the criteria in Section V, Lender shall have no obligation to return any New Tokens to Borrower.

The Collateral transferred by Borrower to Lender, as adjusted herein, shall be security for Borrower's obligations in respect of such Loan and for any other obligations of Borrower to Lender hereunder. Borrower hereby pledges with, assigns to, and grants Lender a continuing first priority security interest in, and a lien upon, the Collateral, which shall attach upon the transfer of the Loaned Assets by Lender to Borrower and which shall cease upon the transfer of the return of the Loaned Assets by Borrower to Lender. In addition to the rights and remedies given to Lender hereunder, Lender shall have all the rights and remedies of a secured party under the UCC. Lender shall be entitled to use the Collateral to conduct its digital currency lending and borrowing business, including transferring the Collateral to other non-Genesis bank accounts.

(b) Loan and Collateral Transfer

If Lender transfers Loaned Assets to Borrower and Borrower does not transfer Collateral to Lender as provided in Section IV(a), Lender shall have the absolute right to the return of the Loaned Assets; and if Borrower transfers Collateral to Lender, as provided in Section IV(a), and Lender does not transfer the Loaned Assets to Borrower, Borrower shall have the absolute right to the return of the Collateral.

(c) Margin Calls

If during the Term of a Loan the value of the value of the Collateral, using the current spot rate as indicated on GDAX, as a percentage of the "Amount of Asset" specified on the Loan Term Sheet falls below the "Margin Call Level" on the Loan Term Sheet, Lender shall have the right to require

Borrower to contribute additional Collateral so that the Collateral value as a percentage of the "Amount of Asset" is equal to the "Collateral Level" as indicated on the Loan Term Sheet (the "Additional Collateral"). In the event the Loaned Assets decreases below the original Borrowed Amount, Lender may, at its sole discretion, return a portion of the Collateral in an amount determined by Lender; however, in such an event, Lender reserves its rights under this Section IV to request Borrower to contribute collateral up to the original amount of Collateral and also Additional Collateral if required.

If Lender requires Borrower to contribute Additional Collateral, it shall send an email notification (the "First Notification") to the Borrower at the email address indicated in Section XIV (or such other address as the parties shall agree to in writing) that sets forth: (i) the Margin Call Spot Rate and (ii) the amount of Additional Collateral required based on the Margin Call Spot Rate. Borrower shall have twelve (12) hours from the time Lender sends such First Notification to (x) respond and send payment to Lender in accordance with subsection (c) below, or (y) respond that the spot rate as indicated on GDAX has changed sufficiently such that it is no longer at or above the Margin Call Spot Rate. If Lender agrees by email that Borrower's response according to (y) above is correct, then no other action is required by Borrower. If Lender fails to agree by email with Borrower's response in accordance with (y) by Close of Business that same day, such shall be deemed as Lender's rejection of Borrower's response and a re-statement of Lender's demand for Borrower to contribute Additional Collateral.

If Borrower fails to respond to the First Notification within twelve hours, or Lender rejects Borrower's response pursuant to (y) above, whether affirmatively by email or by non-reply as set forth above, and the spot rate of the Loaned Assets is still at least at the Margin Call Spot Rate, Lender shall send a second email notification (the "Second Notification") repeating the information in (i) and (ii) in the paragraph above. Borrower shall have six (6) hours from the time Lender sends the Second Notification to respond according to (x) or (y) above, and Lender has the right to accept or reject Borrower's response as stated above. Failure by Borrower to respond to either the First Notification or the Second Notification, shall give Lender the option to declare an Event of Default under Section VII below.

(d) Payment of Additional Collateral

Payment of the Additional Collateral shall be made by bank wire to the account specified in the Loan Term Sheet, or to the Digital Currency Address specified in the Loan Term Sheet, as applicable; or by a return of the amount of Loaned Assets necessary to make the USD Collateral percentage indicated in the Loan Term Sheet correct based on the Margin Call Spot Rate. For any return of Loaned Assets made in accordance with this Section, Borrower is still responsible for payment of any Early Termination Fees that apply to the particular Loan.

(e) Return of Collateral

Upon Borrower's repayment of the Loan and acceptance by Lender of the Loaned Assets into Lender's Digital Currency Address or bank account, with such delivery being confirmed on the relevant Digital Currency blockchain ten times (if applicable), Lender shall initiate the return of

Collateral within five Business Days to a bank account designated by Borrower or, where Digital Currency is Collateral, into an applicable Digital Currency account on the behalf of Borrower.

V. Hard Fork

(a) Notification

In the event of a public announcement of a future Hard Fork or an Airdrop in the blockchain for any Loaned Digital Currency, Lender shall provide email notification to Borrower.

(b) No Immediate Termination of Loans Due to Hard Fork

In the event of a Hard Fork in the blockchain for any Loaned Assets or an Airdrop, any outstanding Loans will not be immediately terminated. Borrower and Lender may agree, regardless of Loan type, for Lender to manage the Hard Fork on the behalf of Borrower through Borrower returning the Loaned Assets to Lender two business days prior to the scheduled Hard Fork or Airdrop. Lender shall not be obligated to return any Collateral to the Borrower during the period in which Lender manages the Loaned Assets on the behalf of Borrower. Lender shall fork the Loaned Assets, and following the Hard Fork shall return to Borrower the Loaned Assets but not the New Tokens (as defined below). For any whole days in which Lender manages the Loan Digital Currency pursuant to this section, the Loan Fee for those days shall not accrue. Nothing herein shall relieve, waive, or otherwise satisfy Borrower's obligations hereunder, including without limitation, the return of the Loaned Assets at the termination of the Loan and payment of accrued Loan Fees, which includes the per diem amounts for days on which Borrower transfers Digital Currency to Lender and Lender transfers said Digital Currency back to Borrower pursuant to this section.

(c) Lender's Right to New Tokens

Genesis will receive the benefit and ownership of any incremental tokens generated as a result of a Hard Fork in the Digital Currency protocol or an Applicable Airdrop (the "New Tokens") if any two of the following four conditions are met:

- *Hash Power*: the average hash power mining the New Token on the 30th day following the occurrence of the Hard Fork or Applicable Airdrop (calculated as a 30-day average on such date) is at least 5% of the hash power mining the Loaned Assets on the day preceding the Hard Fork or Applicable Airdrop (calculated as a 3-day average of the 3 days preceding the Hard Fork).
- *Market Capitalization*: the average market capitalization of the New Token (defined as the total value of all New Tokens) on the 30th day following the occurrence the Hard Fork or Applicable Airdrop (calculated as a 30-day average on such date) is at least 5% of the average market capitalization of the Loaned Assets (defined as the total value of the Loaned Assets) (calculated as a 30-day average on such date).
- *24-Hour Trading Volume*: the average 24-hour trading volume of the New Token on the 30th day following the occurrence the Hard Fork or Applicable Airdrop (calculated as a 30-day average on such date) is at least 1% of the average 24-hour trading volume of the Loaned Assets (calculated as a 30-day average on such date).

- *Wallet Compatibility*: the New Token is supported by either BitGo wallets or Ledger wallets within 30 days of the Hard Fork or Applicable Airdrop.

For the above calculations, the source for the relevant data on the Digital Currency hash power, market capitalization, and 24-Hour trading volume will be blockchain.info (or, if blockchain.info does not provide the required information, bitinfocharts.com, and if neither provides the required information, the parties shall discuss in good faith to mutually agree upon another data source) and the source for the hash power of the New Token will be bitinfocharts.com (or, if bitinfocharts.com does not provide the required information, the parties shall discuss in good faith to mutually agree upon another data source prior to the 30-day mark of the creation of the New Token).

If the Hard Fork or Applicable Airdrop meets the criteria above, Borrower will have up to 60 days from the Hard Fork or Applicable Airdrop to transfer the New Tokens to Genesis. If sending the New Tokens to Genesis is prohibitively burdensome, upon Lender's agreement with Borrower, Borrower can reimburse Genesis for the value of the New Tokens with any combination of a one-time payment in the same Loan Digital Currency transferred as a part of the Loan reflecting the amount of the New Tokens owed using the agreed upon spot rate at the time of said repayment or returning the borrowed Digital Currency so that Genesis can manage the split of the underlying digital tokens as described in subsection (b) above.. Alternatively, subject to Lender's written agreement, the parties may agree to other methods of making Lender whole for Borrower's failure to transfer New Tokens to Lender. In all cases, Borrower will be solely responsible for payment of additional costs incurred by such transfer methods, including but not limited to technical costs, third party fees, and tax obligations for the transaction, including but not limited to a tax gross-up payment. For the avoidance of doubt, if Borrower returns a Loan to Lender prior to the 30th day following a Hard Fork, Borrower's obligations under this Section V shall continue for any New Tokens that meet the criteria in this subsection (c) for such Loan on the 30th day following the Hard Fork. Lender's rights to New Tokens as set forth in this Section shall survive the termination of the relevant Loan, return of the Loaned Assets, and termination of this Agreement.

VI. Representations and Warranties.

The parties to this Agreement hereby make the following representations and warranties, which shall continue during the term of this Agreement and any Loan hereunder:

(a) Each party hereto represents and warrants that (a) it has the power to execute and deliver this Agreement, to enter into the Loans contemplated hereby and to perform its obligations hereunder, (b) it has taken all necessary action to authorize such execution, delivery and performance, and (c) this Agreement constitutes a legal, valid, and binding obligation enforceable against it in accordance with its terms.

(b) Each party hereto represents and warrants that it has not relied on the other for any tax or accounting advice concerning this Agreement and that it has made its own determination as to the tax and accounting treatment of any Loan , any Digital Currency, Collateral, or funds received or provided hereunder.

(c) Each party hereto represents and warrants that it is acting for its own account.

(d) Each party hereto represents and warrants that it is a sophisticated party and fully familiar with the inherent risks involved in the transaction contemplated in this Agreement, including, without limitation, risk of new financial regulatory requirements, potential loss of money and risks due to volatility of the price of the Loaned Assets, and voluntarily takes full responsibility for any risk to that effect.

(e) Each party represents and warrants that it is not insolvent and is not subject to any bankruptcy or insolvency proceedings under any applicable laws

(f) Each party represents and warrants there is no proceedings pending or, to its knowledge, threatened, which could reasonably be anticipated to have any adverse effect on the transactions contemplated by this Agreement or the accuracy of the representations and warranties hereunder or thereunder.

(g) Each party represents and warrants that to its knowledge the transactions contemplated in this Agreement are not prohibited by law or other authority in the jurisdiction of its place of incorporation, place of principal office, or residence and that it has necessary licenses and registrations to operate in the manner contemplated in this Agreement.

(h) Lender represents and warrants that it has, or will have at the time of transfer of any Assets, the right to transfer such Loaned Assets subject to the terms and conditions hereof, and that it owns the Loaned Assets, free and clear of all liens.

(i) Borrower represents and warrants that it has, or will have at the time of transfer of any Loaned Assets, the right to transfer such Loaned Assets subject to the terms and conditions hereof, and, free and clear of all liens and encumbrances other than those arising under this Agreement.

(j) Borrower represents and warrants that it has, or will have at the time of transfer of any Collateral, the right to grant a first priority security interest in said Collateral subject to the terms and conditions hereof.

VII. Covenants

Promptly upon (and in any event within seven (7) Business Days after) the execution of this Agreement, Borrower shall furnish Lender with Borrower's most recent audited annual and (if applicable) quarterly financial statements and any other financial statements mutually agreed upon by Borrower and Lender. For each successive year, Borrower shall also furnish Lender with Borrower's future audited annual financial statements by Borrower's fiscal year end or within seven (7) Business Days thereof.

VIII. Default

It is further understood that any of the following events shall constitute an event of default hereunder, and shall be herein referred to as an "Event of Default" or "Events of Default":

(a) the failure of the Borrower to return any and all Loaned Assets upon termination of the Loan;

(b) the failure of Borrower to pay any and all Loan Fees, Late Fees, or Early Termination Fees when due hereunder; however, Borrower shall have ten days to cure such default;

(c) the failure of either party to transfer Collateral or Additional Collateral as required by Section IV;

(d) a material default in the performance of any of the other agreements, conditions, covenants, provisions or stipulations contained in this Agreement, including without limitation a failure by Borrower to abide by its obligations in Section IV or V of this Agreement and Borrower's failure to cure said material default within ten days;

(e) any Event of Default (as such term is defined each applicable Loan Term Sheets) shall occur and shall be continuing beyond any applicable grace periods under such Loan Term Sheets;

(f) any bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings for the relief of debtors or dissolution proceedings shall be instituted by or against the Borrower and shall not be dismissed within thirty (30) days of their initiation;

(g) any event or circumstance occurs or exists that is a material adverse effect on the business, operations, prospects, property, assets, liabilities or financial condition of, such party, taken as a whole, or a material adverse effect on the ability of Borrower to perform its obligations under the Loan Documents, including but not limited to the ability to return, transfer, repay, or pay any and all Loaned Assets, Loan Fees, and Late Fees.

(h) Borrower causes or permits any partner, member or other equity interest holder in Borrower to, directly or indirectly, transfer, convey, assign, mortgage, pledge, hypothecate, alienate or lease the partnership interest, membership interest or other equity interest of such partner, member, other equity interest holder in Borrower without Lender's prior written consent. Notwithstanding the foregoing, the Lender shall not unreasonably withhold such consent for transfers of membership interests for purposes of estate planning which do not result in a change of control of the Borrower.

(i) any representation or warranty made in any of the Loan Documents proves to be incorrect or untrue in any material respect as of the date of making or deemed making thereof;

(j) either party notifies the other of its inability to or its intention not to perform its obligations hereunder or otherwise disaffirms, rejects, or repudiates any of its obligations hereunder; or

IX. Remedies

(a) Upon the occurrence and during the continuation of any Event of Default, the Lender may, at its option: (1) declare the entire Loan Balance outstanding for any Loan hereunder immediately due and payable; (2) terminate this Agreement and any Loan upon notice to Borrower; (3) transfer any Collateral from the collateral account to Lender's operating account necessary for the payment of any liability or obligation or indebtedness created by this Agreement, including but not limited to using the Collateral to purchase the relevant Digital Currency to replenish Lender's supply of the relevant Digital Currency or selling any Collateral in a relevant market for such Digital Currency; (4) purchase on Lender's own account a like amount of Loaned Assets in a relevant market for such Digital Currency; (5) exercise its rights under Section XVI herein; and (6) exercise all other rights and remedies available to the Lender hereunder, under applicable law, or in equity; provided, that upon any Event of Default pursuant to Section VIII the Borrowed Amount and the amount of any Borrowing Fee then outstanding hereunder shall automatically become and be immediately due and payable.

(b) On the occurrence of any Event of Default under Sections VIII(e) or (f), this Agreement and all Loans made pursuant to this Agreement shall be terminated immediately and become due and payable.

(c) In the event that the purchase price of any replacement Digital Currency pursuant to subsections (a)(3) & (a)(4) above exceeds the amount of the Collateral, Borrower shall be liable to Lender for the amount of such excess together with interest thereon as specific in the Term Sheet. As security for Borrower's obligation to pay such excess, Lender shall have, and Borrower hereby grants, a security interest in any property of Borrower then held by or for Lender and a right of setoff with respect to such property and any other amount payable by Lender to Borrower. The purchase price of replacement Digital Currency purchased under this Section shall include, and the proceeds of any sale of Collateral shall be determined after deduction of, broker's fees and commissions and all other reasonable costs, fees and expense related to such purchase or sale (as the case may be). In the event Lender exercises its rights under this Section, Lender may elect in its sole discretion, in lieu of purchasing all or a portion of the replacement Digital Currencies or selling all or a portion of the Collateral, to be deemed to have made, respectively, such purchase of replacement Digital Currencies or sale of Collateral for an amount equal to the price therefor on the date of such exercise obtained from a generally recognized source.

(d) To the extent that the Loans are now or hereafter secured by property other than the Collateral, or by the guarantee, endorsement or property of any other person, then Lender shall have the right in its sole discretion to determine which rights, security, liens, security interests or remedies Lender shall at any time pursue, relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of them or any of Lender's rights hereunder.

(e) In connection with the exercise of its remedies pursuant to this Section IX, Lender may (i) exchange, enforce, waive or release any portion of the Collateral or Loans in favor of the Lender or relating to any other security for the Loans; (ii) apply such Collateral or security and direct the order or manner of sale thereof as the Lender may, from time to time, determine; and (iii) settle, compromise, collect or otherwise liquidate any such Collateral or security in any manner following the occurrence of an Event of Default, without affecting or impairing the Lender's right to take any other further action with respect to any Collateral or security or any part thereof.

(f) In addition to its rights hereunder, the non-defaulting party shall have any rights otherwise available to it under any other agreement or applicable law.

X. Rights and Remedies Cumulative.

No delay or omission by the Lender in exercising any right or remedy hereunder shall operate as a waiver of the future exercise of that right or remedy or of any other rights or remedies hereunder. All rights of the Lender stated herein are cumulative and in addition to all other rights provided by law, in equity.

XI. Survival of Rights and Remedies

All remedies hereunder and all obligations with respect to any Loan shall survive the termination of the relevant Loan, return of Loaned Assets or Collateral, and termination of this Agreement.

XII. Collection Costs.

In the event Borrower fails to pay any amounts due or to return any Digital Currency or upon the occurrence of any Event of Default in Section VIII hereunder, Borrower shall, upon demand, pay to Lender all reasonable costs and expenses, including without limitation, reasonable attorneys' fees and court costs, broker fees, and technology costs incurred by the Lender in connection with the enforcement of its rights hereunder.

XIII. Governing Law; Dispute Resolution.

This Agreement is governed by, and shall be construed and enforced under, the laws of the State of New York without regard to any choice or conflict of laws rules. If a dispute arises out of or relates to this Agreement, or the breach thereof, and if said dispute cannot be settled through negotiation it shall be finally resolved by arbitration administered in the County of New York, State of New York by the American Arbitration Association under its Commercial Arbitration Rules, or such other applicable arbitration body as required by law or regulation, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction. The parties agree to waive their rights to a jury trial. If any proceeding is brought for the enforcement of this Agreement, then the successful or prevailing party shall be entitled to recover attorneys' fees and other costs incurred in such proceeding in addition to any other relief to which it may be entitled.

XIV. Notices.

Unless otherwise provided in this Agreement, all notices or demands relating to this Agreement shall be in writing and shall be personally delivered or sent by Express or certified mail (postage prepaid, return receipt requested), overnight courier, electronic mail (at such email addresses as a party may designate in accordance herewith), or to the respective address set forth below:

Borrower:
Three Arrows Capital Ltd
7 Temasek Boulevard #21-04
Singapore, Singapore 038987
Attn: Kyle Davis
Email: kyle@threearrowscap.com

Lender:
Genesis Global Capital, LLC
111 Town Square Place, Suite 1203
Jersey City, NJ 07310
Attn: Kristopher Johnson, Senior Risk Officer
Email: kristopher@genesiscap.co

Either party may change its address by giving the other party written notice of its new address as herein provided.

XV. Modifications.

All modifications or amendments to this Agreement shall be effective only when reduced to writing and signed by both parties hereto.

XVI. Single Agreement

Borrower and Lender acknowledge that, and have entered into this Agreement in reliance on the fact that, all Loans hereunder constitute a single business and contractual relationship and have been entered into in consideration of each other. Accordingly, Borrower and Lender hereby agree that payments, deliveries, and other transfers made by either of them in respect of any Loan shall be deemed to have been made in consideration of payments, deliveries, and other transfers in respect of any other Loan hereunder, and the obligations to make any such payments, deliveries and other transfers may be applied against each other and netted. In addition, Borrower and Lender acknowledge that, and have entered into this Agreement in reliance on the fact that, all Loans hereunder have been entered into in consideration of each other. Accordingly, Borrower and Lender hereby agree that (a) each shall perform all of its obligations in respect of each Loan hereunder, and that a default in the performance of any such obligation by Borrower or by Lender (the "Defaulting Party") in any Loan hereunder shall constitute a default by the Defaulting Party under all such Loans hereunder, and (b) the non-defaulting party shall be entitled to set off claims and apply property held by it in respect of any Loan hereunder against obligations owing to it in respect of any other Loan with the Defaulting Party.

XVII. Entire Agreement.

This Agreement, each exhibit referenced herein, and all Loan Term Sheets constitute the entire Agreement among the parties with respect to the subject matter hereof and supersedes any prior negotiations, understandings and agreements. Nothing in this Section XVII shall be construed to conflict with or negate Section XVI above.

XVIII. Successors and Assigns.

This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties; provided, that Borrower may not assign this Agreement or any rights or duties hereunder without the prior written consent of the other party (such consent to not be unreasonably withheld). Lender may assign this Agreement or any rights or duties hereunder upon notice to Borrower. Notwithstanding the foregoing, in the event of a change of control of Lender or Borrower, prior written consent shall not be required so such party provides the other party with written notice prior to the consummation of such change of control. For purposes of the foregoing, a "change of control" shall mean a transaction or series of related transactions in which a person or entity, or a group of affiliated (or otherwise related) persons or entities acquires from stockholders of the party shares representing more than fifty percent (50%) of the outstanding voting stock of such party.

XIX. Severability of Provisions.

Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

XX. Counterpart Execution.

This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by email or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by email or other electronic method of transmission also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

XXI. Relationship of Parties.

Nothing contained in this Agreement shall be deemed or construed by the parties, or by any third party, to create the relationship of partnership or joint venture between the parties hereto, it being understood and agreed that no provision contained herein shall be deemed to create any relationship between the parties hereto other than the relationship of Borrower and Lender.

XXII. No Waiver.

The failure of or delay by Genesis to enforce an obligation or exercise a right or remedy under any provision of this Agreement or to exercise any election in this Agreement shall not be construed as a waiver of such provision, and the waiver of a particular obligation in one circumstance will not prevent Genesis from subsequently requiring compliance with the obligation or exercising the right or remedy in the future. No waiver or modification by either party of any provision of this Agreement shall be deemed to have been made unless expressed in writing and signed by both parties.

XXIII. Indemnification.

Borrower shall indemnify and hold harmless Genesis from and against any and all claims, demands, losses, expenses and liabilities of any and every nature (including attorneys' fees of an attorney of Genesis' choosing to defend against any such claims, demands, losses, expenses and liabilities) that Genesis may sustain or incur or that may be asserted against Genesis arising out of Genesis' lending of Digital Currency to Borrower under this Agreement, except for any and all claims, demands, losses, expenses and liabilities arising out of or relating to Genesis's bad faith, gross negligence or willful misconduct in the performance of its duties under this Agreement. This indemnity shall be a continuing obligation of Borrower, its successors and assigns, notwithstanding the termination of this Agreement.

XXIV. Term and Termination.

The Term of this Agreement shall commence on the date hereof for a period of one year, and shall automatically renew for successive one-year terms annually, unless either party provides notice of a desire to terminate the contract no less than ten (10) days prior to the end of such one-year period. The foregoing notwithstanding, this Agreement may be terminated as set forth in Section VIII or upon 30 days' notice by either party to the other.

In the event of a termination of this Agreement, any Loaned Assets shall be redelivered immediately and any fees owed shall be payable immediately.

XXV. Miscellaneous.

Whenever used herein, the singular number shall include the plural, the plural the singular, and the use of the masculine, feminine, or neuter gender shall include all genders where necessary and appropriate. This Agreement is solely for the benefit of the parties hereto and their respective successors and assigns, and no other Person shall have any right, benefit, priority or interest under, or because of the existence of, this Agreement. The section headings are for convenience only and shall not affect the interpretation or construction of this Agreement. The Parties acknowledge that the Agreement and any Lending Request are the result of negotiation between the Parties which are represented by sophisticated counsel and therefore none of the Agreement's provisions will be construed against the drafter.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the date first above written.

BORROWER:

Three Arrows Capital Ltd

By: Su Zhu (Jan 10, 2019)
Name: Su Zhu
Title: CEO

LENDER:

GENESIS GLOBAL CAPITAL, LLC

By: Kristopher Johnson (Jan 10, 2019)
Name: Kristopher Johnson
Title: Senior Risk Officer

EXHIBIT A

Authorized Agents. The following are authorized to deliver Lending Requests on behalf of Borrower in accordance with Section II hereof:

Name:
Email:

Name:
Email:

Borrower may change its Authorized Agents by notice given to Lender as provided herein.

EXHIBIT B

LOAN TERM SHEET

This loan agreement dated January 10th, 2019 between Genesis Global Capital, LLC ("Genesis") and Three Arrows Capital Ltd ("Borrower") incorporates all of the terms of the Master Digital Currency Loan Agreement between Genesis and Borrower on January 10th, 2019 and the following specific terms:

Lender:	Genesis Global Capital, LLC
Borrower:	Three Arrows Capital Ltd
Borrowed Asset Type:	TRX
Amount of Borrowed Asset:	5,500,000 TRX
Borrow Fee:	22%
Loan Type:	Open Term
Loan Term:	Open
Collateral:	80% of Loan Value
Margin Call Level:	70% of Loan Value
Genesis BTC Address:	3HjoAj61BnCsCsrvrkznJ4NCryHwNNjqmb
BTC Collateral:	32 BTC

GENESIS GLOBAL CAPITAL, LLC

Kristopher Johnson
By: Kristopher Johnson (Jan 10, 2019)
Name: Kristopher Johnson
Title: Senior Risk Officer

Three Arrows Capital Ltd

Su Zhu
By: Su Zhu (Jan 10, 2019)
Name: Su Zhu
Title: CEO

Master Loan Agreement Three Arrows Capital

Final Audit Report 2019-01-10

Created:	2019-01-10
By:	Matthew Ballensweig (matt@genesiscap.co)
Status:	Signed
Transaction ID:	CBJCHBCAABAA_q7UokOC9nje1cd-fNJB27UaclTBGOMR

"Master Loan Agreement Three Arrows Capital" History

Document created by Matthew Ballensweig (matt@genesiscap.co)
2019-01-10 - 2:32:28 PM GMT- IP address: 69.12.27.194

Document emailed to Su Zhu (su.zhu@threearrowscap.com) for signature
2019-01-10 - 2:34:50 PM GMT

Document viewed by Su Zhu (su.zhu@threearrowscap.com)
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Document e-signed by Su Zhu (su.zhu@threearrowscap.com)
Signature Date: 2019-01-10 - 2:50:13 PM GMT - Time Source: server- IP address: 220.255.220.85

Document emailed to Kristopher Johnson (kristopher@genesiscap.co) for signature
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Document e-signed by Kristopher Johnson (kristopher@genesiscap.co)
Signature Date: 2019-01-10 - 2:55:48 PM GMT - Time Source: server- IP address: 69.12.27.194

Signed document emailed to roshun@genesiscap.co, Kristopher Johnson (kristopher@genesiscap.co), Matthew Ballensweig (matt@genesiscap.co), and Su Zhu (su.zhu@threearrowscap.com)
2019-01-10 - 2:55:48 PM GMT

Exhibit 2

MASTER LOAN AGREEMENT

This Master Loan Agreement ("Agreement") is made on this 24th day of January, 2020 ("Effective Date") by and between Genesis Asia Pacific PTE. LTD. ("Genesis" or "Lender"), a private limited company organized and existing under the laws of Singapore with its principal place of business at 3 Fraser Street #05-25 Duo Tower, Singapore 189352 and Arrows Capital Ltd ("Three Arrows Capital" or "Borrower") a limited liability company organized and existing under the laws of British Virgin Islands, with its registered office at 7 Temasek Boulevard #21-04 Singapore, Singapore 038987.

RECITALS

WHEREAS, subject to the terms and conditions of this Agreement, Borrower may, from time to time, seek to initiate a transaction pursuant to which Lender will lend Digital Currency or U.S. Dollars to Borrower, and Borrower will pay a Loan Fee and return such Digital Currency or U.S. Dollars to Lender upon the termination of the Loan; and

Now, therefore, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which hereby acknowledged, the Borrower and the Lender hereby agree as follows:

I. Definitions

"***Airdrop***" means a distribution of a new token or tokens resulting from the ownership of a preexisting token. For the purposes of Section V, an "***Applicable Airdrop***" is an Airdrop for which the distribution of new tokens can be definitively calculated according to its distribution method, such as a pro rata distribution based on the amount of the relevant Digital Currency held at a specified time. A "***Non-Applicable Airdrop***" is an Airdrop for which the distribution of new tokens cannot be definitively calculated, such as a random distribution, a distribution to every wallet of the relevant Digital Currency, or a distribution that depends on a wallet of the relevant Digital Currency meeting a threshold requirement.

"***Authorized Agent***" has the meaning set forth in Exhibit A.

"***Borrower***" means Three Arrows Capital.

"***Borrowed Amount***" refers to the value of the Loaned Assets in U.S. dollars on the Loan Effective Date.

"***Borrower Email***" means kyle@threearrowscap.com

"***Business Day***" means a day on which Genesis is open for business, following the New York Stock Exchange calendar of holidays.

"***Business Hours***" means between the hours of 9:00 am to 5:00 pm New York time on a Business Day.

"***Call Option***" means Lender has the option to demand immediate payment of a portion or the entirety of the Loan Balance at any time, subject to this Agreement.

"Close of Business" means 5:00 pm New York time.

"Collateral" is defined as set forth in Section IV(a).

"***Digital Currency***" means Bitcoin (BTC), Bitcoin Cash (BCH), Ether (ETH), Ether Classic (ETC), or Litecoin (LTC), or any digital currency that the Borrower and Lender agree upon.

"***Digital Currency Address***" means an identifier of alphanumeric characters that represents a digital identity or destination for a transfer of Digital Currency.

"Fixed Term Loan" means a Loan with a pre-determined Maturity Date, where Borrower does not have a Prepayment Option and Lender does not have a Call Option.

"Hard Fork" means a permanent divergence in the blockchain (e.g., when non-upgraded nodes cannot validate blocks created by upgraded nodes that follow newer consensus rules, or an airdrop or any other event which results in the creation of a new token).

"***Lender***" means Genesis.

"***Loan***" means a request for a loan or an actual loan of Digital Currency or U.S. Dollars made pursuant to and in accordance with this Agreement and a Loan Term Sheet.

"***Loan Balance***" means the sum of all outstanding amounts of Loaned Assets, including New Tokens, Loan Fees, Late Fees, and any Earlier Termination Fee or New Token Fee for a particular Loan, as defined in Sections III and V.

"***Loan Documents***" means this Master Loan Agreement and any and all Loan Term Sheets entered into between Lender and Borrower.

"***Loan Effective Date***" means the date upon which a Loan begins.

"***Loan Fee***" means the fee paid by Borrower to the Lender for the Loan.

"***Loan Term Sheet***" means the agreement between Lender and Borrower on the particular terms of an individual Loan, which shall be memorialized in an agreement as set forth in Exhibit B or in a form approved by Lender comparable therewith.

"***Loaned Assets***" means any Digital Currency or U.S. Dollar amount transferred in a Loan hereunder until such Digital Currency (or identical Digital Currency) or U.S. Dollar amount is transferred back to Lender hereunder, except that, if any new or different Digital Currency is created or split by a Hard Fork or other alteration in the underlying blockchain and meets the requirements set forth in Section V of this Agreement, such new or different Digital Currency shall be deemed to become Loaned Assets in addition to the former Digital Currency for which

such exchange is made. For purposes of return of Loaned Assets by Borrower or purchase or sale of Digital Currencies pursuant to Section IX, such term shall include Digital Currency of the same quantity and type as the Digital Currency, as adjusted pursuant to the preceding sentence.

"***Maturity Date***" means the pre-determined future date upon which a Loan becomes due in full.

"***Open Loan***" means a Loan without a Maturity Date where Borrower has a Prepayment Option and Lender has a Call Option.

"***Prepayment Option***" means the Borrower has the option to repay or return the Loaned Assets prior to the Maturity Date, subject to this Agreement.

"***Term***" means the period from the Loan Effective Date through Termination Date.

"***Term Loan with Call Option***" means a Loan with a pre-determined Maturity Date where Lender has a Call Option.

"***Term Loan with Prepayment Option***" means a Loan with a pre-determined Maturity Date where Borrower has a Prepayment Option.

"***Termination Date***" means the date upon which a Loan is terminated.

II. General Loan Terms.

(a) Loans of Digital Currency or U.S. Dollars

Subject to the terms and conditions hereof, Borrower may, in its sole and absolute discretion, request from the Lender a Loan to Borrower of a specified amount of Digital Currency or U.S. Dollars, and Lender may, in its sole and absolute discretion, extend such Loan or decline to extend such Loan on terms acceptable to Lender and as set forth in a corresponding Loan Term Sheet.

(b) Loan Procedure

From time to time during the Term of this Agreement, during the hours of 9:00 am New York time to 4:00 pm New York time on a Business Day (the "Request Day"), by email directed to lend@genesiscap.co (or such other address as Lender may specify in writing), an Authorized Agent of Borrower may request from Lender a Loan of a specific amount of Digital Currency or U.S. Dollars (a "Lending Request"). Provided Lender receives such Lending Request prior to 3:00 pm New York time, Lender shall by email directed to Borrower Email (or such other address as Lender may specify in writing) to inform Borrower whether Lender agrees to make such a Loan. If Lender fails to provide Borrower with an acceptance as to a particular Lending Request prior to Close of Business on the Request Day, such Lending Request shall be deemed to have be denied by Lender.

As part of its Lending Request, Borrower shall provide the following proposed terms:

(i) Whether U.S. Dollars or Digital Currency, and if Digital Currency, the type of Digital Currency;
(ii) the amount of Digital Currency or U.S. Dollars;
(iii) whether the Loan is to be a Fixed Term Loan, a Term Loan with Prepayment Option, or an Open Loan;
(iv) the Loan Effective Date; and
(v) the Maturity Date (if a Fixed Term Loan or a Term Loan with Prepayment Option).

If Lender agrees to make a Loan, Lender shall commence transmission to either (x) the Borrower's Digital Currency Address the amount of Digital Currency, or (y) Borrower's bank account by bank wire the amount of U.S. Dollars, as applicable, as such Digital Currency Address or bank wire instruction is set forth in the Lending Request on or before Close of Business on the Request Day.

The specific and final terms of a Loan shall be memorialized using the Loan Term Sheet. In the event of a conflict of terms between this Master Loan Agreement and a Loan Term Sheet, the terms in the Loan Term Sheet shall govern.

(c) Loan Repayment Procedure

(i) Loan Repayment

Unless otherwise specified in subsections (ii) and (iii) below, upon the earlier of the Maturity Date, the Recall Delivery Day, or the Redelivery Day (as defined below) for a Loan, Borrower shall repay the entirety of the Loan Balance to Lender by Close of Business.

(ii) Call Option

For Loans in which the Lender has a Call Option (e.g. Open Loans, etc.), Lender may during Business Hours (the "Recall Request Day") demand repayment of a portion or the entirety of the Loan Balance (the "Recall Amount"). Lender will notify Borrower of Lender's exercising of this right by email to Borrower's Email. Borrower will then have until Close of Business on the second Business Day after the Recall Request Day (the "Recall Delivery Day") to deliver the Recall Amount.

In the event of a Call Option where Lender demands only a portion of the Loan Balance, Borrower shall repay said portion of the Loan Balance on the Recall Delivery Day and the remaining portion of the Loan Balance on the earlier of the Maturity Date or the subsequent Recall Delivery Day.

(iii) Prepayment Option

For Loans in which Borrower has a Prepayment Option (e.g. Open Loans, Term Loans with Prepayment Option, etc.), Borrower may notify Lender during Business Hours of Borrower's

intent to return the Loan prior maturity or Lender's exercising of its Call Option without being subject to Early Termination Fees as set forth in Section III(d). Borrower shall provide said notice at least two Business Days prior to the date on which the Borrower will repay all or a portion of the Loan Balance (said later date, the "Redelivery Day"). Borrower's exercising of its Prepayment Option shall not relieve it of any of its obligations herein, including without limitation its payment of owed Loan Fees and Late Fees.

In the event of a Prepayment Option where the Borrower repays only a portion of the Loan Balance, Borrower shall repay said portion of the Loan Balance on the Redelivery Day and the remaining portion of the Loan Balance on the earlier of the Maturity Date, Recall Delivery Day, or subsequent Redelivery Day.

(d) Termination of Loan

A Loan will terminate upon the earlier of:

(i) the Maturity Date;

(ii) the repayment of the Loan Balance by Borrower prior to the Maturity Date;

(iii) the occurrence of an Event of Default as defined in Section VII; however, Lender shall have the right in its sole discretion to suspend the termination of a Loan under this subsection (iii) and reinstitute the Loan. In the event of reinstitution of the Loan pursuant to the preceding sentence, Lender does not waive its right to terminate the Loan hereunder; or

(iv) in the event any or all of the Loaned Assets becomes in Lender's sole discretion a risk of being: (1) considered a security, swap, derivative, or other similarly-regulated financial instrument or asset by any regulatory authority, whether governmental, industrial, or otherwise, or by any court of law or dispute resolution organization. arbitrator, or mediator; or (2) subject to future regulation materially impacting this Agreement, the Loan, or Lender's business.

Nothing in the forgoing shall cause, limit, or otherwise affect the Term and termination of this Agreement except as specified in Section XXIV.

III. Loan Fees and Transaction Fees.

(a) Loan Fee

Unless otherwise agreed, Borrower agrees to pay Lender a financing fee on each Loan (the "Loan Fee"). When a Loan is executed, the Borrower will be responsible to pay the Loan Fee as agreed to herein and annualized in the relevant Loan Term Sheet and subject to change if thereafter agreed by Borrower and Lender. Except as Borrower and Lender may otherwise agree, Loan Fees shall accrue from and include the date on which the Loaned Digital Currencies are transferred to Borrower to the date on which such Loaned Digital Currencies are repaid in their

entirety to Lender. For any Loan, the minimum Loan Fee shall be the Loan Fee that would accrue for one day.

Lender shall calculate any Loan Fees owed on a daily basis and provide Borrower with the calculation upon request. The Loan Fee will be calculated off all outstanding portions of the Loaned Digital Currencies. The Loan Fee is payable monthly by Borrower in arrears.

(b) Origination Fee

For certain Loans, Lender may charge Borrower a fee (the "Origination Fee") to be paid at the time the Collateral is delivered to Lender. If an Origination Fee applies to a Loan, the Loan Term Sheet shall set forth the amount of the Origination Fee and whether the Origination Fee is to be paid in U.S. Dollars or in a Digital Currency.

(c) Late Fee

For each Calendar Day in excess of the Maturity Date or the Recall Delivery Day (whichever is applicable) in which Borrower has not returned the entirety of the Loaned Assets or failed to timely pay any outstanding Loan Fee in accordance with section III(c), Borrower shall incur an additional nominal fee (the "Late Fee") of a 10% (annualized, calculated daily) on all outstanding portions of the Loaded Digital Currencies and Loan Fees. If a Late Fee is imposed under this Section III(b) due to an event that would constitute an Event of Default under Section VIII, the imposition of a Late Fee by the Lender does not constitute a waiver of its right to declare an Event of Default for the same event.

(d) Payment of Loan Fees and Late Fees

Unless otherwise agreed, any Loan Fee or Late Fees payable hereunder shall be paid by Borrower upon the earlier of (i) five (5) Business Days after receipt of an invoice from Lender or (ii) the termination of all Loans hereunder (the "Payment Due Date"). An invoice for Loan Fees and any Late Fees (the "Invoice Amount") shall be sent out on the first Business Day of the month and shall include any Loan Fees, Late Fees, and Early Termination Fees incurred during the previous month. Borrower shall have up to five Business Days from the date of said Invoice to pay the Invoice Amount. Failure of Lender to timely send an invoice in accordance with the preceding sentence shall not be considered a material default under Section VIII(d) nor shall it relieve Borrower of its obligation to pay any Loan Fees, Late Fees, and Early Termination Fees owed herein nor negate any Event of Default resulting from Borrower's failure to timely pay such fees. The Loan Fee, Late Fees, and Early Termination Fees shall be payable, unless otherwise agreed by the Borrower and Lender in the Loan Term Sheet, whether U.S. Dollars or Digital Currency on the same blockchain and of the same type that was loaned by the Lender during the Loan.

Notwithstanding the foregoing, in all cases, all Loan Fees, Late Fees, and Early Termination Fees shall be payable by Borrower immediately upon the occurrence of an Event of Default hereunder by Borrower.

(e) Early Termination Fees

For Fixed Term Loans and Term Loans with Call Options, if Borrower returns the Loaned Assets prior to the Maturity Date, Borrower shall pay to Lender a fee equal to thirty percent (30%) of the Loan Fee that would have accrued from the date of the repayment until the Maturity Date of the Loan (the "Early Termination Fee"). The Early Termination Fee is due with the repayment of the Loaned Assets. The Early Termination Fee shall not apply if Borrower returns the Loaned Assets to Lender in the event of a Hard Fork (as defined in Section IV) for the purposes of allowing Lender to split the tokens in accordance with Section IV (e).

(f) Taxes and Fees

All transfer or other taxes or third party fees payable with respect to the transfer, repayment, and/or return of any Loaned Assets or Collateral hereunder shall be paid by Borrower.

IV. Collateral Requirements

(a) Collateral

Unless otherwise agreed by the parties, or modified in the Loan Term Sheet or as set forth below, Borrower shall provide as collateral an amount of U.S. Dollars or Digital Currency (such choice at the sole discretion of the Lender) to be determined and agreed upon by the Borrower and Lender ("Collateral") and memorialized using the Loan Term Sheet. Unless otherwise agreed by the parties in the Loan Term Sheet, the Collateral shall initially be 120% of the value of the Loaned Assets, such value determined by a spot rate agreed upon in the Loan Term Sheet. Borrower shall, prior to or concurrently with the transfer of the Loaned Assets to Borrower, but in no case later than the Close of Business on the day of such transfer, transfer to Lender the agreed upon Collateral.

Collateral shall always be valued in U.S. Dollars, but Borrower may, if mutually agreed by both parties, provide the Collateral (in whole or in part) to Lender in Digital Currency in an amount equal to the value of the Collateral in U.S. Dollars at a spot rate determined by Lender. For the avoidance of doubt, upon the repayment of the Loaned Assets at the termination of a Loan, Lender shall return to Borrower the same amount and type of Collateral that was deposited, net of any Additional Collateral or Margin Call adjustments (as defined below in Section IV(c)). If a Hard Fork in the blockchain of the Digital Currency serving as Collateral meeting the criteria in Section V occurs while Lender is holding Digital Currency as Collateral, Lender shall return the New Tokens (as defined in Section V) to Borrower in addition to the Collateral and Additional Collateral. If such a Hard Fork occurs that does not meet the criteria in Section V, Lender shall have no obligation to return any New Tokens to Borrower.

The Collateral transferred by Borrower to Lender, as adjusted herein, shall be security for Borrower's obligations in respect of such Loan and for any other obligations of Borrower to Lender hereunder. Borrower hereby pledges with, assigns to, and grants Lender a continuing first priority security interest in, and a lien upon, the Collateral, which shall attach upon the transfer of the Loaned Assets by Lender to Borrower and which shall cease upon the return of

the Loaned Assets by Borrower to Lender. In addition to the rights and remedies given to Lender hereunder, Lender shall have all the rights and remedies of a secured party under the UCC.

During the term of the Loan, Borrower agrees and affirms Lender's entitlement to and use of the Collateral, including but not limited use in lending, investing, transferring to bank and other accounts upon which Lender, or a third party, is the account holder or the beneficiary, or re-pledging as collateral in other transactions involved with Lender's digital currency lending and borrowing business. Such entitlement and use shall not relieve Borrower or Lender of any of its obligations hereunder.

(b) Loan and Collateral Transfer

If Lender transfers Loaned Assets to Borrower and Borrower does not transfer Collateral to Lender as provided in Section IV(a), Lender shall have the absolute right to the return of the Loaned Assets; and if Borrower transfers Collateral to Lender, as provided in Section IV(a), and Lender does not transfer the Loaned Assets to Borrower, Borrower shall have the absolute right to the return of the Collateral.

(c) Margin Calls

If during the Term of a Loan the value of the Loaned Assets increases, or the value of the Collateral decreases, so that the value of the Loaned Assets becomes equal to or greater than the value of the Collateral (the "Margin Call Limit"), Lender shall have the right to require Borrower to contribute additional Collateral so that the Collateral is at least the same percentage indicated in Section IV(a) relative to the value of the Loaned Assets (the "Additional Collateral"). The parties may modify this standard in the Loan Term Sheet by (i) setting a different ratio of the value of the Loaned Assets and Collateral or (ii) the creation of a Margin Call rate to be indicated on the Loan Term Sheet, as measured by the spot rate published on GDAX (such rate, the "Margin Call Spot Rate") over the spot rate indicated in the Loan Term Sheet, or the prior Margin Call Spot Rate, as applicable. In the event of the creation of a Margin Call Spot Rate, Lender shall have the right to require Borrower to contribute Additional Collateral so that the Collateral is at least the same percentage in the applicable Loan Term Sheet, relative to the value of the Loaned Assets at the Margin Call Spot Rate.

In the event the value of the Loaned Assets decreases below the value of the Collateral, Lender may, at its sole discretion, return a portion of the Collateral in an amount determined by Lender; however, in such an event, Lender reserves its rights under this Section IV to request Borrower to contribute collateral up to the original amount of Collateral and also Additional Collateral if required.

If Lender requires Borrower to contribute Additional Collateral, it shall send an email notification (the "First Notification") to the Borrower at the email address indicated in Section XV (or such other address as the parties shall agree to in writing) that sets forth: (i) the value of the Loaned Assets, (ii) the value of the Collateral, (iii) the Margin Call Spot Rate, if applicable, and (iv) the amount of Additional Collateral required based on the Margin Call Limit or, if

applicable, the Margin Call Spot Rate. Borrower shall have six (6) hours from the time Lender sends such First Notification to (x) respond and send payment to Lender in accordance with subsection (d) below, or (y) respond that the value of the Loaned Assets, value of the Collateral, or spot rate as indicated on GDAX, as applicable, has decreased sufficiently such that it is no longer at or above the Margin Call Limit or, if applicable, the Margin Call Spot Rate. If Lender agrees by email that Borrower's response according to (y) above is correct, then no other action is required by Borrower. If Lender fails to agree by email with Borrower's response in accordance with (y) by Close of Business that same day, such shall be deemed as Lender's rejection of Borrower's response and a re-statement of Lender's original demand for Borrower to contribute Additional Collateral.

If Borrower fails to respond to the First Notification within six hours, or Lender rejects Borrower's response pursuant to (y) above, whether affirmatively by email or by non-reply as set forth above, Lender shall send a second email notification (the "Second Notification") repeating the information in provisions (i) – (iv) in the preceding paragraph. Borrower shall have three (3) hours from the time Lender sends the Second Notification to respond according to (x) or (y) in the preceding, and Lender has the right to accept or reject Borrower's response as stated above. Upon Lender's rejection of Borrower's response to the Second Notification, whether affirmatively by email or by non-reply by the Close of Business that same day, Borrower shall make immediate payment of Additional Collateral as set forth in Section IV(d) below. Failure to provide Additional Collateral, or failure by Borrower to respond to either the First Notification or the Second Notification, shall give Lender the option to declare an Event of Default under Section VII below.

Borrower acknowledges that its obligations hereunder, including those in this Section IV, continue regardless of Lender's request for Additional Collateral and Borrower's acceptance or rejection of the same.

(d) Payment of Additional Collateral

Payment of the Additional Collateral shall be made by bank wire to the account specified in the Loan Term Sheet or by a return of the amount of Loaned Assets necessary to make the Collateral percentage indicated in the Loan Term Sheet correct based on the Margin Call Limit or, if applicable, the Margin Call Spot Rate. For any return of Loaned Assets made in accordance with this Section, Borrower is still responsible for payment of any Early Termination Fees that apply to the particular Loan.

(e) Return of Collateral

Upon Borrower's repayment of the Loan and acceptance by Lender of the Loaned Assets into Lender's Digital Currency Address, with such delivery being confirmed on the relevant Digital Currency blockchain ten times, Lender shall initiate the return of Collateral within five Business Days to a bank account designated by Borrower or, where Digital Currency is Collateral, into an applicable Digital Currency Address on the behalf of Borrower.

V. Hard Fork

(a) Notification

In the event of a public announcement of a future Hard Fork or an Airdrop in the blockchain for any Loaned Assets or Collateral, Lender shall provide email notification to Borrower.

(b) No Immediate Termination of Loans Due to Hard Fork

In the event of a Hard Fork in the blockchain for any Loaned Assets or an Airdrop, any outstanding Loans will not be automatically terminated. Borrower and Lender may agree, regardless of Loan type, either (i) to terminate the Loan without any penalties on an agreed upon date or (ii) for Lender to manage the Hard Fork on the behalf of Borrower. If the Lender manages the Hard Fork on behalf of Borrower, Borrower shall return the Loaned Assets to Lender two business days prior to the scheduled Hard Fork or Airdrop. Lender shall not be obligated to return any Collateral to the Borrower during the period in which Lender manages the Loaned Assets on the behalf of Borrower. Lender shall fork the Loaned Assets, and following the Hard Fork shall return to Borrower the Loaned Assets but not any New Tokens (as defined below). For any whole days in which Lender manages the Loan Digital Currency pursuant to this section, the Loan Fee for those days shall not accrue. Nothing herein shall relieve, waive, or otherwise satisfy Borrower's obligations hereunder, including without limitation, the return of the Loaned Assets at the termination of the Loan and payment of accrued Loan Fees, which includes the per diem amounts for days on which Borrower transfers Digital Currency to Lender and Lender transfers said Digital Currency back to Borrower pursuant to this section.

(c) Lender's Right to New Tokens

Genesis will receive the benefit and ownership of any incremental tokens generated as a result of a Hard Fork in the Digital Currency protocol or an Applicable Airdrop (the "New Tokens") if any two of the following four conditions are met:

- *Hash Power*: the average hash power mining the New Token on the 30th day following the occurrence of the Hard Fork or Applicable Airdrop (calculated as a 30-day average on such date) is at least 5% of the hash power mining the Loaned Assets on the day preceding the Hard Fork or Applicable Airdrop (calculated as a 3-day average of the 3 days preceding the Hard Fork).
- *Market Capitalization*: the average market capitalization of the New Token (defined as the total value of all New Tokens) on the 30th day following the occurrence the Hard Fork or Applicable Airdrop (calculated as a 30-day average on such date) is at least 5% of the average market capitalization of the Loaned Assets (defined as the total value of the Loaned Assets) (calculated as a 30-day average on such date).
- *24-Hour Trading Volume*: the average 24-hour trading volume of the New Token on the 30th day following the occurrence the Hard Fork or Applicable Airdrop (calculated as a 30-day average on such date) is at least 1% of the average 24-hour trading volume of the Loaned Assets (calculated as a 30-day average on such date).
- *Wallet Compatibility*: the New Token is supported by either BitGo wallets or Ledger wallets within 30 days of the Hard Fork or Applicable Airdrop.

For the above calculations, the source for the relevant data on the Digital Currency hash power, market capitalization, and 24-Hour trading volume will be blockchain.info (or, if blockchain.info does not provide the required information, bitinfocharts.com, and if neither provides the required information, the parties shall discuss in good faith to mutually agree upon another data source) and the source for the hash power of the New Token will be bitinfocharts.com (or, if bitinfocharts.com does not provide the required information, the parties shall discuss in good faith to mutually agree upon another data source prior to the 30-day mark of the creation of the New Token).

If the Hard Fork or Applicable Airdrop meets the criteria above, Borrower will have up to 60 days from the Hard Fork or Applicable Airdrop to transfer the New Tokens to Genesis. If sending the New Tokens to Genesis is burdensome, upon Lender's written agreement with Borrower, Borrower can reimburse Genesis for the value of the New Tokens by either (i) a one-time payment in the same Loaned Assets transferred as a part of the Loan reflecting the amount of the New Tokens owed using the spot rate determined by Lender in its reasonable discretion at the time of said repayment, or (ii) returning the borrowed Digital Currency so that Genesis can manage the split of the underlying digital tokens as described in Section IV(b) above. Alternatively, subject to Lender's written agreement, the parties may agree to other methods of making Lender whole for Borrower's failure to transfer New Tokens to Lender. In all cases, Borrower will be solely responsible for payment of additional costs incurred by any transfer method other than returning the New Tokens to Lender, including but not limited to technical costs, third party fees, and tax obligations for the transaction, including but not limited to a tax gross-up payment. For the avoidance of doubt, if Borrower returns a Loan to Lender prior to the 30th day following a Hard Fork, Borrower's obligations under this Section V shall continue for any New Tokens that meet the criteria in this subsection (c) for such Loan on the 30th day following the Hard Fork. Lender's rights to New Tokens as set forth in this Section shall survive the termination of the relevant Loan, return of the Loaned Assets, and termination of this Agreement. If Borrower fails to transfer the New Tokens to Lender, or provide alternative compensation to Genesis as agreed to in accordance with this subsection, within 60 days from the Hard Fork or Applicable Airdrop, such failure will be considered an Event of Default in accordance with Section VIII(b), and Borrower shall incur an additional fee (the "Hard Fork Fee") equal to 10% (annualized, calculated daily) of all outstanding portions of the Loaded Digital Currencies and Loan Fees. Lender's charging of the Hard Fork Fee does not constitute a waiver of its right to declare an Event of Default for the same event.

VI. Representations and Warranties.

The parties to this Agreement hereby make the following representations and warranties, which shall continue during the term of this Agreement and any Loan hereunder:

(a) Each party hereto (individually, a "Party", collectively the "Parties") represents and warrants that (i) it has the power to execute and deliver this Agreement, to enter into the Loans contemplated hereby and to perform its obligations hereunder, (ii) it has taken all necessary action to authorize such execution, delivery and performance, and (iii) this Agreement constitutes a legal, valid, and binding obligation enforceable against it in accordance with its terms.

(b) Each Party hereto represents and warrants that it has not relied on the other for any tax or accounting advice concerning this Agreement and that it has made its own determination as to the tax and accounting treatment of any Loan, any Digital Currency, Collateral, or funds received or provided hereunder.

(c) Each Party hereto represents and warrants that it is acting for its own account.

(d) Each Party hereto represents and warrants that it is a sophisticated party and fully familiar with the inherent risks involved in the transaction contemplated in this Agreement, including, without limitation, risk of new financial regulatory requirements, potential loss of money and risks due to volatility of the price of the Loaned Assets, and voluntarily takes full responsibility for any risk to that effect.

(e) Each Party represents and warrants that it is not insolvent and is not subject to any bankruptcy or insolvency proceedings under any applicable laws

(f) Each Party represents and warrants there are no proceedings pending or, to its knowledge, threatened, which could reasonably be anticipated to have any adverse effect on the transactions contemplated by this Agreement or the accuracy of the representations and warranties hereunder or thereunder.

(g) Each Party represents and warrants that to its knowledge the transactions contemplated in this Agreement are not prohibited by law or other authority in the jurisdiction of its place of incorporation, place of principal office, or residence and that it has necessary licenses and registrations to operate in the manner contemplated in this Agreement.

(h) Lender represents and warrants that it has, or will have at the time of the loan of any Digital Currency, the right to lend such Loaned Assets subject to the terms and conditions hereof.

(i) Borrower represents and warrants that it has, or will have at the time of return of any Loaned Assets, the right to lend such Loaned Assets subject to the terms and conditions hereof, and, free and clear of all liens and encumbrances other than those arising under this Agreement.

(j) Borrower represents and warrants that it has, or will have at the time of transfer of any Collateral, the right to grant a first priority security interest in said Collateral subject to the terms and conditions hereof.

VII. Covenants

Promptly upon (and in any event within seven (7) Business Days after) the execution of this Agreement, Borrower shall furnish Lender with Borrower's most recent audited annual and (if applicable) quarterly financial statements and any other financial statements mutually agreed upon by Borrower and Lender. For each successive year, Borrower shall also furnish Lender

with Borrower's future audited annual financial statements by Borrower's fiscal year end or within seven (7) Business Days thereof.

VIII. Default

It is further understood that any of the following events shall constitute an event of default hereunder, and shall be herein referred to as an "Event of Default" or "Events of Default":

(a) the failure of the Borrower to return any and all Loaned Assets and any New Tokens as defined by Section V upon termination of any Loan;

(b) the failure of Borrower to pay any and all Loan Fees, Late Fees, or Early Termination Fees when due hereunder, or to remit any New Tokens or pay any New Token Fee in accordance with Section V; however, Borrower shall have ten days to cure such default;

(c) the failure of either Party to transfer Collateral or Additional Collateral, or a failure by Borrower to respond to Lender's First or Second Notifications, as required by Section IV;

(d) a material default by either Party in the performance of any of the other agreements, conditions, covenants, provisions or stipulations contained in this Agreement, including without limitation a failure by Borrower to abide by its obligations in Section IV or V of this Agreement and Borrower's failure to cure said material default within ten days;

(e) any Event of Default (as such term is defined each applicable Loan Term Sheets) caused by Borrower shall occur and shall be continuing beyond any applicable grace periods under such Loan Term Sheets, including but not limited to failure to make any payment due thereunder;

(f) Borrower's default in any other agreement or failure to perform any obligation with Genesis or any of its affiliates;

(g) any bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings for the relief of debtors or dissolution proceedings that are instituted by or against the Borrower and are not be dismissed within thirty (30) days of the initiation of said proceedings;

(h) any event or circumstance occurs or exists that is a material adverse effect on the business, operations, prospects, property, assets, liabilities or financial condition of, such Party, taken as a whole, or a material adverse effect on the ability of Borrower to perform its obligations under the Loan Documents, including but not limited to the ability to return, transfer, repay, or pay any and all Loaned Assets, Loan Fees, and Late Fees;

(i) Borrower causes or permits any partner, member or other equity interest holder in Borrower to, directly or indirectly, transfer, convey, assign, mortgage, pledge, hypothecate, alienate or lease the partnership interest, membership interest or other equity interest of such partner, member, other equity interest holder in Borrower without Lender's prior written consent. Notwithstanding the foregoing, the Lender shall not

unreasonably withhold such consent for transfers of membership interests for purposes of estate planning which do not result in a change of control of the Borrower;

(j) any representation or warranty made by either Party in any of the Loan Documents that proves to be incorrect or untrue in any material respect as of the date of making or deemed making thereof; or

(k) either Party notifies the other of its inability to or its intention not to perform its obligations hereunder, or otherwise disaffirms, rejects, or repudiates any of its obligations hereunder.

IX. Remedies

(a) Upon the occurrence and during the continuation of any Event of Default by Borrower, the Lender may, at its option: (1) declare the entire Loan Balance outstanding for any Loan hereunder immediately due and payable; (2) terminate this Agreement and any Loan upon notice to Borrower; (3) transfer any Collateral from the collateral account to Lender's operating account necessary for the payment of any nonpayment, liability, obligation, or indebtedness created by this Agreement or by Genesis in furtherance of its performance hereunder and/or its lending business, including but not limited to using the Collateral to purchase the relevant Digital Currency to replenish Lender's supply of the relevant Digital Currency or selling any Collateral in a relevant market for such Digital Currency; (4) purchase on Lender's own account a like amount of Loaned Assets in a relevant market for such Digital Currency and then collect from Borrower amounts expended by Lender for such purchase ; (5) exercise its rights under Section XII herein; and (6) exercise all other rights and remedies available to the Lender hereunder, under applicable law, or in equity; provided, that upon any Event of Default pursuant to Section VIII as to a particular Loan, the entire Loan Balance then outstanding hereunder shall automatically become and be immediately due and payable.

(b) On the occurrence of any Event of Default under Sections VIII(g) or (h), this Agreement and any and all Loans made pursuant to this Agreement shall be terminated immediately and become due and payable, and Lender shall have immediate right to the Collateral to the fullest extent permitted herein and by law.

(c) In the event that the purchase price of any replacement Digital Currency pursuant to Section IX (a)(3) & (a)(4) above exceeds the amount of the Collateral, Borrower shall be liable to Lender for the amount of such excess together with interest thereon in the amount of 10% or as modified in the Term Sheet. As security for Borrower's obligation to pay such excess, Lender shall have, and Borrower hereby grants, a security interest in any property of Borrower then held by or for Lender and a right of setoff with respect to such property and any other amount payable by Lender to Borrower. The purchase price of replacement Digital Currency purchased under this Section shall include, and the proceeds of any sale of Collateral shall be determined after deduction of, broker's fees and commissions and all other reasonable costs, fees and expense related to such purchase or sale (as the case may be). In the event Lender exercises its rights under this

Section, Lender may elect in its sole discretion, in lieu of purchasing all or a portion of the replacement Digital Currencies or selling all or a portion of the Collateral, to be deemed to have made, respectively, such purchase of replacement Digital Currencies or sale of Collateral for an amount equal to the price therefor on the date of such exercise obtained from a generally recognized source.

(d) To the extent that the Loans are now or hereafter secured by property other than the Collateral, or by the guarantee, endorsement or property of any other person, then upon an Event of Default by Borrower, Lender shall have the right in its sole discretion to determine which rights, security, liens, security interests or remedies Lender shall at any time pursue, relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of them or any of Lender's rights hereunder.

(e) In connection with the exercise of its remedies pursuant to this Section IX, Lender may (1) exchange, enforce, waive or release any portion of the Collateral or Loans in favor of the Lender or relating to any other security for the Loans; (2) apply such Collateral or security and direct the order or manner of sale thereof as the Lender may, from time to time, determine; and (3) settle, compromise, collect or otherwise liquidate any such Collateral or security in any manner following the occurrence of an Event of Default, without affecting or impairing the Lender's right to take any other further action with respect to any Collateral or security or any part thereof.

(f) In addition to its rights hereunder, the non-defaulting Party shall have any rights otherwise available to it under any other agreement or applicable law.

X. Rights and Remedies Cumulative.

No delay or omission by the Lender in exercising any right or remedy hereunder shall operate as a waiver of the future exercise of that right or remedy or of any other rights or remedies hereunder. All rights of the Lender stated herein are cumulative and in addition to all other rights provided by law, in equity.

XI. Survival of Rights and Remedies

All remedies hereunder and all obligations with respect to any Loan shall survive the termination of the relevant Loan, return of Loaned Assets or Collateral, and termination of this Agreement.

XII. Collection Costs.

In the event Borrower fails to pay any amounts due or to return any Digital Currency or upon the occurrence of any Event of Default in Section VIII hereunder, Borrower shall, upon demand, pay to Lender all reasonable costs and expenses, including without limitation, reasonable attorneys' fees and court costs, broker fees, and technology costs incurred by the Lender in connection with the enforcement of its rights hereunder.

XIII. Governing Law; Dispute Resolution.

This Agreement is governed by, and shall be construed and enforced under, the laws of the State of New York without regard to any choice or conflict of laws rules. If a dispute arises out of or relates to this Agreement, or the breach thereof, and if said dispute cannot be settled through negotiation it shall be finally resolved by arbitration administered in the County of New York, State of New York by the American Arbitration Association under its Commercial Arbitration Rules, or such other applicable arbitration body as required by law or regulation, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction. The parties agree to waive their rights to a jury trial. If any preceding is brought for the enforcement of this Agreement, then the successful or prevailing party shall be entitled to recover attorneys' fees and other costs incurred in such proceeding in addition to any other relief to which it may be entitled.

XIV. Confidentiality.

(a) Each Party to this Agreement shall hold in confidence all information obtained from the other Party in connection with this Agreement and the transactions contemplated hereby, including without limitation any discussions preceding the execution of this Agreement (collectively, "Confidential Information"). Confidential Information shall not include information that the receiving Party demonstrates with competent evidence was, or becomes, (i) available to the public through no violation of this Section XIV, (ii) in the possession of the receiving Party on a non-confidential basis prior to disclosure, (iii) available to the receiving Party on a non-confidential basis from a source other than the other Party or its affiliates, subsidiaries, officers, directors, employees, contractors, attorneys, accountants, bankers or consultants (the "Representatives"), or (iv) independently developed by the receiving Party without reference to or use of such Confidential Information.

(b) Each Party shall (i) keep such Confidential Information confidential and shall not, without the prior written consent of the other Party, disclose or allow the disclosure of such Confidential Information to any third party, except as otherwise herein provided, and (ii) restrict internal access to and reproduction of the Confidential Information to a Party's Representatives only on a need to know basis; provided, however, that such Representatives shall be under an obligation of confidentiality at least as strict as set forth in this Section XIV.

(c) Each Party also agrees not to use Confidential Information for any purpose other than in connection with transactions contemplated by this Agreement.

(d) The provisions of this Section XIV will not restrict a Party from disclosing the other Party's Confidential Information to the extent required by any law, regulation, or direction by a court of competent jurisdiction or government agency or regulatory authority with jurisdiction over said Party; *provided* that the Party required to make such a disclosure uses reasonable efforts to give the other Party reasonable advance notice of such required disclosure in order to enable the other Party to prevent or limit such

disclosure. Notwithstanding the foregoing, Lender may disclose the other Party's Confidential Information without notice pursuant to a written request by a governmental agency or regulatory authority.

(e) The obligations with respect to Confidential Information shall survive for a period of three (3) years from the date of this Agreement. Notwithstanding anything in this agreement to the contrary, a Party may retain copies of Confidential Information (the "Retained Confidential Information") to the extent necessary (i) to comply with its recordkeeping obligations, (ii) in the routine backup of data storage systems, and (iii) in order to determine the scope of, and compliance with, its obligations under this Section XIV; provided, however, that such Party agrees that any Retained Confidential Information shall be accessible only by legal or compliance personnel of such Party and the confidentiality obligations of this Section XIV shall survive with respect to the Retained Confidential Information for so long as such information is retained.

XV. Notices.

Unless otherwise provided in this Agreement, all notices or demands relating to this Agreement shall be in writing and shall be personally delivered or sent by Express or certified mail (postage prepaid, return receipt requested), overnight courier, electronic mail (at such email addresses as a Party may designate in accordance herewith), or to the respective address set forth below:

Borrower:
Three Arrows Capital Ltd
7 Temasek Boulevard #21-04
Singapore, Singapore 038987
Attn: Kyle Davis
Email: kyle@threearrowscap.com

Lender:
Genesis Asia Pacific PTE. LTD.
3 Fraser Street #05-25
Duo Tower, Singapore 189352
Attn: Soichiro Moro, CEO
Email: michael@genesiscap.co

Either Party may change its address by giving the other Party written notice of its new address as herein provided.

XVI. Modifications.

All modifications or amendments to this Agreement shall be effective only when reduced to writing and signed by both parties hereto.

XVII. Single Agreement

Borrower and Lender acknowledge that, and have entered into this Agreement in reliance on the fact that, all Loans hereunder constitute a single business and contractual relationship and have been entered into in consideration of each other. Accordingly, Borrower and Lender hereby agree that payments, deliveries, and other transfers made by either of them in respect of any Loan shall be deemed to have been made in consideration of payments, deliveries, and other transfers in respect of any other Loan hereunder, and the obligations to make any such payments, deliveries and other transfers may be applied against each other and netted. In addition, Borrower and Lender acknowledge that, and have entered into this Agreement in reliance on the fact that, all Loans hereunder have been entered into in consideration of each other. Accordingly, Borrower and Lender hereby agree that (a) each shall perform all of its obligations in respect of each Loan hereunder, and that a default in the performance of any such obligation by Borrower or by Lender (the "Defaulting Party") in any Loan hereunder shall constitute a default by the Defaulting Party under all such Loans hereunder, and (b) the non-defaulting Party shall be entitled to set off claims and apply property held by it in respect of any Loan hereunder against obligations owing to it in respect of any other Loan with the Defaulting Party.

XVIII. Entire Agreement.

This Agreement, each exhibit referenced herein, and all Loan Term Sheets constitute the entire Agreement among the parties with respect to the subject matter hereof and supersedes any prior negotiations, understandings and agreements. Nothing in this Section XVIII shall be construed to conflict with or negate Section XVII above.

XIX. Successors and Assigns.

This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties; provided, that Borrower may not assign this Agreement or any rights or duties hereunder without the prior written consent of the other Party (such consent to not be unreasonably withheld). Lender may assign this Agreement or any rights or duties hereunder upon notice to Borrower. Notwithstanding the foregoing, in the event of a change of control of Lender or Borrower, prior written consent shall not be required so such Party provides the other Party with written notice prior to the consummation of such change of control. For purposes of the foregoing, a "change of control" shall mean a transaction or series of related transactions in which a person or entity, or a group of affiliated (or otherwise related) persons or entities acquires from stockholders of the Party shares representing more than fifty percent (50%) of the outstanding voting stock of such Party. Neither this Agreement nor any provision hereof, nor any Exhibit hereto or document executed or delivered herewith, or Loan Term Sheet hereunder, shall create any rights in favor of or impose any obligation upon any person or entity other than the parties hereto and their respective successors and permitted assigns. For the avoidance of doubt, any and all claims and liabilities against Genesis arising in any way out of this Agreement are only the obligation of Genesis, and not any of its parents or affiliates, including but not limited to Digital Currency Group, Inc. and Genesis Global Trading, Inc. The Parties agree that none of Genesis' parents or affiliates shall have any liability under this Agreement nor do such related entities guarantee any of Genesis' obligations under this Agreement.

XX. Severability of Provisions.

Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

XXI. Counterpart Execution.

This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by email or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any Party delivering an executed counterpart of this Agreement by email or other electronic method of transmission also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

XXII. Relationship of Parties.

Nothing contained in this Agreement shall be deemed or construed by the Parties, or by any third party, to create the relationship of partnership or joint venture between the parties hereto, it being understood and agreed that no provision contained herein shall be deemed to create any relationship between the parties hereto other than the relationship of Borrower and Lender.

XXIII. No Waiver.

The failure of or delay by Genesis to enforce an obligation or exercise a right or remedy under any provision of this Agreement or to exercise any election in this Agreement shall not be construed as a waiver of such provision, and the waiver of a particular obligation in one circumstance will not prevent Genesis from subsequently requiring compliance with the obligation or exercising the right or remedy in the future. No waiver or modification by either Party of any provision of this Agreement shall be deemed to have been made unless expressed in writing and signed by both parties.

XXIV. Indemnification.

A Party shall indemnify and hold harmless the other Party, or any of its parents or affiliates, from and against any and all third party claims, demands, losses, expenses and liabilities of any and every nature (including attorneys' fees of an attorney of Genesis' choosing to defend against any such claims, demands, losses, expenses and liabilities) that it may sustain or incur or that may be asserted against it arising out of Genesis' lending of Digital Currency to Borrower under this Agreement, except for any and all claims, demands, losses, expenses and liabilities arising out of or relating to that Party's bad faith, gross negligence or willful misconduct in the performance of its duties under this Agreement. This indemnity shall be a continuing obligation of Borrower, its successors and assigns, notwithstanding the termination of this Agreement.

XXV. Term and Termination.

The Term of this Agreement shall commence on the date hereof for a period of one year, and shall automatically renew for successive one-year terms annually, unless either Party provides notice of a desire to terminate the contract no less than ten (10) days prior to the end of such one-year period. The foregoing notwithstanding, this Agreement may be terminated as set forth in Section VIII or upon 30 days' notice by either Party to the other.

In the event of a termination of this Agreement, any Loaned Assets shall be redelivered immediately and any fees owed shall be payable immediately.

XXVI. Miscellaneous.

Whenever used herein, the singular number shall include the plural, the plural the singular, and the use of the masculine, feminine, or neuter gender shall include all genders where necessary and appropriate. This Agreement is solely for the benefit of the parties hereto and their respective successors and assigns, and no other Person shall have any right, benefit, priority or interest under, or because of the existence of, this Agreement. The section headings are for convenience only and shall not affect the interpretation or construction of this Agreement. The Parties acknowledge that the Agreement and any Lending Request are the result of negotiation between the Parties which are represented by sophisticated counsel and therefore none of the Agreement's provisions will be construed against the drafter.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the date first above written.

BORROWER:

Three Arrows Capital Ltd

DocuSigned by:
By: _____
040BC485CE864EB
Name: Kyle Davies
Title: Kyle Davies, Chairman

LENDER:

GENESIS ASIA PACIFIC PTE. LTD.

DocuSigned by:
By: Kristopher Johnson
E5D870D05A1C4B3...
Name: Kristopher Johnson
Title: Senior Risk Officer

EXHIBIT A

Authorized Agents. The following are authorized to deliver Lending Requests on behalf of Borrower in accordance with Section II hereof:

Name:
Email:

Name:
Email:

Borrower may change its Authorized Agents by notice given to Lender as provided herein.

Exhibit 3

ASSIGNMENT AND ASSUMPTION OF MASTER LOAN AGREEMENT

This Assignment and Assumption of Master Loan Agreement (this "Assignment Agreement") is made and entered into as of July 20, 2020 by and among Genesis Global Capital, LLC, a Delaware limited liability company ("Assignor"), Genesis Asia Pacific Pte. Ltd., a corporation organized and existing under the laws of Singapore ("Assignee"), and Three Arrows Capital Ltd., a corporation organized and existing under the laws of Singapore ("Counterparty").

WHEREAS, Assignor and Counterparty are parties to that certain Master Loan Agreement dated the 10th of January, 2019 (the "Agreement"), pursuant to which Assignor makes loans to Counterparty;

WHEREAS, Assignor wishes to assign to Assignee all of its lending activities, including any outstanding loans and related Collateral under the Agreement (such loans, the "Outstanding Loans");

WHEREAS, Assignor and Counterparty are parties to that certain Pledge Agreement, dated as of May 28, 2020 (as amended, restated, amended and restated, supplemented or otherwise modified and in effect from time to time, the "Pledge Agreement"); and

WHEREAS, Assignor wishes to assign to Assignee all of its rights and obligations under the Pledge Agreement.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. Capitalized Terms. Capitalized terms used but not defined herein shall have the same meanings that are set forth for such terms in the Agreement.

2. Assignment and Assumption. Effective as of the date hereof, Assignor hereby assigns, contributes, transfers and sets over (collectively, the "Assignment") to Assignee all of Assignor's right, title, benefit, privileges and interest in and to, and all of Assignor's burdens, obligations and liabilities in connection with, the Agreement, including any Outstanding Loans and related Collateral, and the Pledge Agreement. Assignee hereby accepts the Assignment and assumes and agrees to observe and perform all of the duties, obligations, terms, provisions and covenants, and to pay and discharge all of the liabilities of Assignor to be observed, performed, paid or discharged from and after the date hereof, in connection with the Agreement, including all obligations and Collateral relating to the Outstanding Loans, and the Pledge Agreement. As of the date hereof, Assignor shall have no obligation to and shall receive no benefit from Counterparty with regard to any Outstanding Loans or related Collateral.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Assignment as of the date first set forth above.

ASSIGNOR
GENESIS GLOBAL CAPITAL, LLC

By: DocuSigned by: Kristopher Johnson E5D870D05A1C4B3...
Name: Kristopher Johnson
Title: Senior Risk Officer

ASSIGNEE
GENESIS ASIA PACIFIC PTE. LTD.

By: DocuSigned by: Reed Werbitt E4525138479E4D9...
Name: Reed Werbitt
Title: Director

Acknowledged by:
THREE ARROWS CAPITAL LTD.

By: DocuSigned by: 15665D33A144445...
Name: Kyle Davies
Title: Chairman

Exhibit 4

PLEDGE AGREEMENT

This **PLEDGE AGREEMENT** ("***Agreement***") is entered into as of May 28, 2020, by and between **GENESIS GLOBAL CAPITAL, LLC** ("***Secured Party***") and **THREE ARROWS CAPITAL LTD** ("***Pledgor***").

WHEREAS, Pledgor and Secured Party are entering into that certain Master Loan Agreement dated as of January 10, 2019 (together with any Loan Term Sheet thereunder, and as amended, modified, supplemented, or restated from time to time, the "***Master Agreement***"; unless specified otherwise, capitalized terms used but not defined herein shall have the meanings assigned in the Master Agreement); and

WHEREAS, in connection with the Master Agreement, Pledgor has agreed to grant a security interest in, and pledge and assign as applicable, the Collateral (hereinafter defined) to Secured Party, as herein provided.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged and agreed, the parties hereto agree as follows:

1. **Security Interest**. To secure the payment and the performance of the Secured Obligations (hereinafter defined), Pledgor hereby pledges, assigns and grants to Secured Party a first priority security interest and lien in all of the following (collectively, the "***Collateral***"): (a) Pledgor's Equity Interests (hereinafter defined) in the trusts listed on Schedule A (as the same may be updated from time to time) (each, a *"**Trust**"*, and collectively, the "***Trusts***"), and the certificates, if any, representing Pledgor's Equity Interests in the Trusts, as such interests may be increased or otherwise adjusted from time to time, including, without limitation, Pledgor's capital accounts, Pledgor's interests in the net cash flow, net profit and net loss, and items of income, gain, loss, deduction and credit of the Trusts, and Pledgor's interests in all distributions made or to be made by the Trusts to Pledgor; (b) all of Pledgor's rights, titles, and interests in the Organizational Documents (hereinafter defined) of the Trusts, Pledgor's rights to vote upon, approve, or consent to (or withhold consent or approval to) any matter pursuant to the Organizational Documents of the Trusts, or otherwise to control, manage, or direct the affairs of the Trusts, Pledgor's rights to terminate, amend, supplement, modify or waive performance under, the Organizational Documents of the Trusts, or perform thereunder, and to compel performance and otherwise to exercise all remedies thereunder, and all of the other economic and non-economic rights, titles and interests of Pledgor as a member of the Trusts and under the Organizational Documents of the Trusts, in each case, whether set forth in the Organizational Documents of the Trusts, by separate agreement or otherwise; and (c) the proceeds of all of the foregoing.

2. **Secured Obligations**. "***Secured Obligations***" means, in each case, whether now in existence or hereafter arising: (a) all payment obligations and any applicable interest thereon (including interest accruing after the filing of any bankruptcy or similar petition) and (b) all other fees and commissions (including attorneys' fees in connection with Secured Party's enforcement or protection of its rights under the Master Agreement or any Loan Document), charges, indebtedness, loans, liabilities, financial accommodations, obligations, covenants and duties, in each case owing by Pledgor to Secured Party under the Master Agreement and any Loan Document, and whether or not evidenced by any note and including interest and fees that accrue after the commencement by or against Pledgor of any proceeding under any bankruptcy or insolvency law or other similar law affecting creditors' rights, naming Pledgor as the debtor in such proceeding, including fees, indemnification obligations, expenses or otherwise, and all costs and expenses of administering or maintaining the Collateral and of enforcing the rights of Secured Party hereunder and under the Master Agreement and the other Loan Documents.

3. **Consent**. Grayscale Investments, LLC, as sponsor of each Trust, hereby irrevocably (a) consents to the grant of the security interests by Pledgor described in ***Section 1*** of this Pledge Agreement, (b) consents to the transfer or conveyance of the Collateral pursuant to Secured Party's exercise of its rights

and remedies under this Agreement or any of the other Loan Documents, at law or in equity, (c) consents to the admission of Secured Party, its nominees, or any other transferee of any Collateral as a shareholder of such Trust, and (d) agrees that all terms and conditions in its Organizational Documents applicable to the pledge of any Collateral, the enforcement thereof, the transfer of any Collateral or the admission of Secured Party or its nominees, or any other transferee of any Collateral as a shareholder of such Trust have been satisfied or waived. Pledgor hereby irrevocably agrees not to vote to amend the Organizational Documents of such Trust to (a) modify any of the provisions thereof which could be adverse to the interests of the Secured Party or any of its successors, assigns or designees or (b) provide that its equity interests are securities governed by Article 8 of the UCC, or otherwise certificate its equity interests, and hereby agrees and acknowledges that any such vote shall be invalid and any such amendment shall be void ab initio.

4. **Pledgor's Warranties**. Pledgor represents and warrants to Secured Party as follows:

(a) Pledgor owns Equity Interests of the Trusts, all of which have been duly and validly issued, are fully paid and non-assessable. None of the Collateral is certificated. Pledgor owns all Collateral free and clear from any set-off, claim, restriction, lien, security interest or encumbrance, except the security interest hereunder and the vesting provisions to which the Collateral is subject, and has full power and authority to grant to Secured Party the security interest in such Collateral pursuant hereto. The execution, delivery and performance by Pledgor of this Agreement have been duly and validly authorized by all necessary company action, and this Agreement constitutes a legal, valid, and binding obligation of Pledgor and creates a security interest which is enforceable against Pledgor in all now owned and hereafter acquired Collateral, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity.

(b) Neither the execution and delivery by Pledgor of this Agreement, the creation and perfection of the security interest in the Collateral granted hereunder, nor compliance with the terms and provisions hereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on Pledgor or any contracts or agreements to which Pledgor is a party or is subject, or by which Pledgor, or its property, is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any lien pursuant to the terms of any such contract or agreement (other than any lien of Secured Party). There is no litigation, investigation or governmental proceeding threatened against Pledgor or any of its properties which if adversely determined would result in a material adverse effect on the Collateral or Pledgor.

(c) The Equity Interests that are included in the Collateral have not been financed by the Secured Party or its affiliates.

5. **Pledgor's Covenants.** Until full payment and performance of all of the Secured Obligations:

(a) Secured Obligations and this Agreement. Pledgor shall perform all of its agreements herein, in the Master Agreement and in the other Loan Documents.

(b) Pledgor Remains Liable. Notwithstanding anything to the contrary contained herein, (i) Pledgor shall remain liable under the contracts and agreements included in the Collateral, if any, to the extent set forth therein to perform all duties and obligations thereunder to the same extent as if this Agreement had not been executed; (ii) the exercise by Secured Party of any of its rights hereunder shall not release Pledgor from any of its duties or obligations under the contracts and agreements included in the Collateral, if any; and (iii) Secured Party shall not have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement, nor shall Secured Party be obligated to perform any of the obligations or duties of

Pledgor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

(c) Collateral. The security interest in the Collateral granted pursuant to this Agreement is a valid and binding first priority security interest in the Collateral subject to no other liens or security interests, and Pledgor shall keep the Collateral free from all liens and security interests, except those for taxes not yet due and payable and the security interest hereby created. Pledgor shall defend the Collateral against all claims and demands of all persons at any time claiming any interest therein adverse to Secured Party. Secured Party acknowledges that the Collateral is subject to vesting provisions and agrees that any restrictions related to such vesting provisions are not a breach by Pledgor of any obligation under this Agreement or any Loan Document.

(d) Secured Party's Costs. Pledgor shall pay all costs necessary to obtain, preserve, perfect, defend and enforce the security interest created by this Agreement (including the preparation of this Agreement), collect the Secured Obligations, and preserve, defend, enforce and collect the Collateral, including but not limited to payment of taxes, assessments, reasonable attorney's fees, legal expenses and expenses of sales. Whether the Collateral is or is not in Secured Party's possession, and without any obligation to do so and without waiving Pledgor's default for failure to make any such payment, Secured Party, at its option, may pay any such costs and expenses and discharge encumbrances on the Collateral, and such payments shall be a part of the Secured Obligations and bear interest at the rate set for the Secured Obligations. Pledgor agrees to reimburse Secured Party on demand for any costs so incurred.

(e) Financing Statements. No financing statement, register of mortgages, charges and other encumbrances or similar document covering the Collateral or any part thereof is or shall be maintained at the registered office of Pledgor or on file in any public office (except in favor of Secured Party), and Pledgor will, at the request of Secured Party, join the Secured Party in (i) filing one or more financing statements pursuant to the UCC (as defined below) naming Secured Party as secured party, and/or (ii) executing and/or filing such other documents required under the laws of all jurisdictions necessary or appropriate in the judgment of Secured Party to obtain, maintain and perfect its first priority security interest in, and lien on, the Collateral.

(f) Information. Pledgor shall promptly furnish Secured Party any information with respect to the Collateral requested by Secured Party.

(g) Notice of Changes. Pledgor is Three Arrows Capital Ltd with its principal place of business and chief executive office located at 7 Temasek Boulevard #21-04, Singapore 038987. Pledgor shall promptly (and in any event at least fifteen (15) Business Days prior) notify Secured Party in writing of (i) any change in his legal name, address, or jurisdiction of formation or (ii) a change in any matter warranted or represented by Pledgor in this Agreement.

(h) Possession of Collateral. Pledgor shall deliver all investment securities and other instruments and documents which are a part of the Collateral to Secured Party promptly, or if hereafter acquired, promptly following acquisition, in a form suitable for transfer by delivery or accompanied by duly executed instruments of transfer or assignment in blank with signatures appropriately guaranteed in form and substance suitable to Secured Party.

(i) Voting Rights. After the occurrence of an Event of Default, Secured Party is entitled to exercise all voting rights pertaining to any Collateral. Prior to the occurrence of an Event of Default, Pledgor may vote the Collateral, *provided, however*, that no vote shall be cast or consent, waiver, or ratification given or action taken without the prior written consent of Secured Party

which would (i) be inconsistent with or violate any provision of this Agreement or any other Loan Document or (ii) amend, modify, or waive any term, provision or condition of any charter document, or other agreement relating to, evidencing, providing for the issuance of, or securing any Collateral, except to the extent any such amendment, modification or waiver would not be reasonably likely to have an adverse effect on Secured Party. If an Event of Default occurs and if Secured Party elects to exercise such right, the right to vote any pledged securities shall be vested exclusively in Secured Party. To this end, Pledgor hereby irrevocably constitutes and appoints Secured Party the proxy and attorney-in-fact of Pledgor, with full power of substitution, to vote, and to act with respect to, any and all Collateral standing in the name of Pledgor or with respect to which Pledgor is entitled to vote and act, subject to the understanding that such proxy may not be exercised unless an Event of Default has occurred. The proxy herein granted is coupled with an interest, is irrevocable, and shall continue until the Secured Obligations have been paid and performed in full or the Event of Default has been cured or waived, whichever comes first.

(j) Other Parties and Other Collateral. No renewal or extensions of or any other indulgence with respect to the Secured Obligations or any part thereof, no modification of the document(s) evidencing the Secured Obligations, no release of any security, no release of any person (including any maker, indorser, guarantor or surety) liable on the Secured Obligations, no delay in enforcement of payment, and no delay or omission or lack of diligence or care in exercising any right or power with respect to the Secured Obligations or any security therefor or guaranty thereof or under this Agreement shall in any manner impair or affect the rights of Secured Party under any law, hereunder, or under any other agreement pertaining to the Collateral. Secured Party need not file suit or assert a claim for personal judgment against any person for any part of the Secured Obligations or seek to realize upon any other security for the Secured Obligations, before foreclosing or otherwise realizing upon the Collateral.

(k) Waivers by Pledgor. Pledgor waives notice of the creation, advance, increase, existence, extension or renewal of, and of any indulgence with respect to, the Secured Obligations; waives notice of any change in financial condition of any person liable for the Secured Obligations or any part thereof, notice of any Event of Default, and all other notices respecting the Secured Obligations; and agrees that maturity of the Secured Obligations and any part thereof may, be accelerated, extended or renewed only in accordance with the Master Agreement. Pledgor waives any right to require that any action be brought against any other person or to require that resort be had to any other security or to any balance of any deposit account. Pledgor further waives any right of subrogation or to enforce any right of action against any other pledgor until the Secured Obligations are paid in full.

(l) Further Assurances. Pledgor agrees that, from time to time upon the written request of Secured Party, Pledgor will execute and deliver such further documents (including, without limitation, the delivery of a Pledge Supplement in the form of Exhibit A with respect to any additional Trusts and a control agreement with respect to the Collateral) and diligently perform such other acts and things in any jurisdiction (including, without limitation, Singapore) as Secured Party may reasonably request to fully effect the purposes of this Agreement, to further assure the first priority status of the Lien granted pursuant hereto or to enable Secured Party to exercise or enforce its rights under this Agreement or under the Master Agreement with respect to the Collateral or the collateral posted under the Master Agreement.

6. **Power of Attorney**. Pledgor hereby irrevocably constitutes and appoints Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the name of Pledgor or in its own name, to take after the occurrence of an Event of Default and from time to time thereafter, any and all action and to execute any and all documents and instruments which Secured Party at any time and from time to time deems necessary or desirable to

accomplish the purposes of this Agreement, including, without limitation, selling, in the manner set forth herein, any of the Collateral on behalf of Pledgor as agent or attorney in fact for Pledgor and applying the proceeds received therefrom in Secured Party's discretion; *provided, however*, nothing in this paragraph shall be construed to obligate Secured Party to take any action hereunder nor shall Secured Party be liable to Pledgor for failure to take any action hereunder and, upon request, Secured Party shall promptly furnish Pledgor with a written summary of all sales hereunder. This appointment shall be deemed a power coupled with an interest, is irrevocable, and shall continue until the Secured Obligations have been paid and performed in full or the Event of Default has been cured or waived, whichever comes first.

7. **Rights and Powers of Secured Party**. Upon the occurrence of an Event of Default, Secured Party, without liability to Pledgor, may: vote the Collateral; take control of proceeds, including stock received as dividends or by reason of stock splits; take control of funds generated by the Collateral, such as cash dividends, interest and proceeds, and use same to reduce any part of the Secured Obligations and exercise all other rights which an owner of such Collateral may exercise; and, at any time, transfer any of the Collateral or evidence thereof into its own name or that of its nominee. Secured Party shall not be liable for failure to collect any account or instruments, or for any act or omission on the part of Secured Party, its officers, agents or employees, except for any act or omission arising out of their own willful misconduct or fraud. The foregoing rights and powers of Secured Party will be in addition to, and not a limitation upon, any rights and powers of Secured Party given by law, elsewhere in this Agreement, or otherwise.

8. **Default.**

(a) Event of Default. As used herein, "***Event of Default***" means any "Event of Default" under the Master Agreement with respect to which Pledgor is the Defaulting Party.

(b) Rights and Remedies. If any Event of Default occurs, in each and every such case, Secured Party may, without (i) presentment, demand, or protest, (ii) notice of default, dishonor, demand, non-payment, or protest, (iii) notice of intent to accelerate all or any part of the Secured Obligations, (iv) notice of acceleration of all or any part of the Secured Obligations, or (v) notice of any other kind, all of which Pledgor hereby expressly waives (except for any notice required under this Agreement, any other Loan Document, or which may not be waived under applicable law), at any time thereafter exercise and/or enforce any of the following rights and remedies, at Secured Party's option:

(i) *Acceleration*. The Secured Obligations under the Master Agreement and the other Loan Documents shall, at Secured Party's option, become immediately due and payable, and the obligation, if any, of Secured Party to permit further borrowings under the Master Agreement shall, at Secured Party's option, immediately cease and terminate.

(ii) *Liquidation of Collateral*. Sell, or instruct any agent or broker to sell, all or any part of the Collateral in a public or private sale, direct any agent or broker to liquidate all or any part of any account and deliver all proceeds thereof to Secured Party, and apply all proceeds to the payment of any or all of the Secured Obligations in such order and manner as Secured Party shall, in its discretion, choose.

(iii) *Uniform Commercial Code*. All of the rights, powers and remedies of a secured creditor under the Uniform Commercial Code ("***UCC***") as the same may, from time to time, be in effect in the State of New York, *provided*, *however*, in any event that, by reason of mandatory provisions of Law, any or all of the attachment, perfection or priority (or terms of similar import in any applicable jurisdiction) of Secured Party's security interest in any Collateral is governed by the Uniform Commercial Code (or other similar Law) as in effect in a jurisdiction (whether within or outside the United States)

other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code (or other similar Law) as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority (or terms of similar import in such jurisdiction) and for purposes of definitions related to such provisions, and any and all rights and remedies available to it as a result of this Agreement or any other Loan Document, including, without limitation, the right, to the maximum extent permitted by law, to exercise all voting, consensual and other powers of ownership pertaining to the Collateral (including, without limitation, the right to sell, transfer, pledge or redeem any and all of the Collateral, which right shall be exercised in a commercially reasonable manner) as if Secured Party was the sole and absolute owner thereof (and Pledgor agrees to take all such action as may be appropriate to give effect to such right).

Pledgor specifically understands and agrees that any sale by Secured Party of all or any part of the Collateral pursuant to the terms of this Agreement may be effected by Secured Party at times and in manners which could result in the proceeds of such sale being significantly and materially less than what might have been received if such sale had occurred at different times or in different manners, and Pledgor hereby releases Secured Party and its officers and representatives from any and all obligations and liabilities arising out of or related to the timing or manner of any such sale; provided, however, that any such sale shall be conducted in a commercially reasonable manner. If, in the opinion of Secured Party, there is any question that a public sale or distribution of any Collateral will violate any state or federal securities law, Secured Party may offer and sell such Collateral in a transaction exempt from registration under federal securities law, and any such sale made in good faith by Secured Party shall be deemed "commercially reasonable." Furthermore, Pledgor acknowledges that any such restricted or private sales may be at prices and on terms less favorable to Pledgor than those obtainable through a public sale without such restrictions, but agrees that such sales are commercially reasonable. Pledgor further acknowledges that any specific disclaimer of any warranty of title or the like by Secured Party will not be considered to adversely affect the commercial reasonableness of any sale of Collateral. Any notice made shall be deemed reasonable if sent to Pledgor at the address set forth in ***Article XIV*** of the Master Agreement at least ten (10) days prior to (i) the date of any public sale or (ii) the time after which any private sale or other disposition may be made.

Secured Party's duty of care with respect to Collateral in its possession (as imposed by law) shall be deemed fulfilled if it exercises reasonable care in physically safekeeping such Collateral or, in the case of Collateral in the custody or possession of a bailee or other third party, exercises reasonable care in the selection of the bailee or other third party, and the Secured Party need not otherwise preserve, protect, insure or care for any Collateral. Secured Party shall not be obligated to preserve any rights Pledgor may have against prior parties, to realize on the Collateral at all or in any particular manner or order, or to apply any cash proceeds of Collateral in any particular order of application.

(iv) *Deficiencies*. If any Secured Obligations remain after the application of the proceeds of the Collateral, Secured Party may continue to enforce its remedies under this Agreement or the other Loan Documents to collect the deficiency.

(v) *Excess*. Not in limitation of any of Secured Party's rights hereunder, under the Loan Documents or under applicable law, if the proceeds of the Collateral exceed the amount of the Secured Obligations (any such exceeds, the "***Excess Proceeds***"), the Excess Proceeds will be delivered to Pledgor in accordance with the terms of the Master Agreement.

9. **General.**

(a) Parties Bound. Secured Party's rights hereunder shall inure to the benefit of its successors and assigns, and in the event of any assignment or transfer of any of the Secured Obligations or the Collateral, Secured Party thereafter shall be fully discharged from any

responsibility with respect to the Collateral so assigned or transferred, but Secured Party shall retain all rights and powers hereby given with respect to any of the Secured Obligations or the Collateral not so assigned or transferred. Secured Party may assign all or a portion of its rights and obligations under this Agreement only in connection with the assignment of its rights and obligations under the Master Agreement in circumstances permitted by the Master Agreement. Pledgor may not assign any of its rights and obligations under this Agreement to any person or entity without the prior written consent of Secured Party. All representations, warranties and agreements of Pledgor shall be binding upon the personal representatives, heirs, successors and assigns of Pledgor.

(b) Discretion by Secured Party. Any determinations made by Secured Party shall be made, in each case, in its sole discretion exercised in good faith unless otherwise stated herein.

(c) Termination. This Agreement shall remain in full force and effect until all of the Secured Obligations and any other amounts payable hereunder are indefeasibly paid and performed in full and the Loan Documents are terminated.

(d) Waiver. No delay of Secured Party in exercising any power or right shall operate as a waiver thereof, nor shall any single or partial exercise of any power or right preclude other or further exercise thereof or the exercise of any other power or right. No waiver by Secured Party of any right hereunder or of any default by Pledgor shall be binding upon Secured Party unless in writing, and no failure by Secured Party to exercise any power or right hereunder or waiver of any default by Pledgor shall operate as a waiver of any other or further exercise of such right or power or of any further default. Each right, power and remedy of Secured Party as provided for herein related to the Secured Obligations, or which shall now or hereafter exist at law or in equity or by statute or otherwise, shall be cumulative and concurrent and shall be in addition to every other such right, power or remedy. The exercise or beginning of the exercise by Secured Party of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by Secured Party of any or all other such rights, powers or remedies.

(e) Definitions. Unless the context indicates otherwise, definitions in the UCC apply to words and phrases in this Agreement; if UCC definitions conflict, Article 8 and/or 9 definitions apply. The following terms, when used in this Agreement, shall have the meanings assigned to them below:

(i) "***Equity Interests***" means, with respect to any corporation, limited liability company, trust, joint venture, association, company, partnership or other entity, all of the shares of capital stock thereof (or other ownership or profit interests therein), all of the warrants, options or other rights for the purchase or acquisition from such corporation, limited liability company, trust, joint venture, association, company, partnership or other entity of shares of capital stock thereof (or other ownership or profit interests therein), all of the securities convertible into or exchangeable for shares of capital stock thereof (or other ownership or profit interests therein) or warrants, rights or options for the purchase or acquisition from such corporation, limited liability company, trust, joint venture, association, company, partnership or other entity of such shares (or such other interests), and all of the other ownership or profit interests in such corporation, limited liability company, trust, joint venture, association, company, partnership or other entity (including partnership, member or trust interests therein), whether voting or nonvoting, whether economic or non-economic, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

(ii) "***Organizational Documents***" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable

constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization, and the limited liability company agreement or operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable governmental authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

(f) Notice. All notices and other communications to Pledgor under this Agreement shall be in writing and shall be delivered in accordance with ***Article XIV*** of the Master Agreement to Pledgor at its address set forth in ***Article XIV*** of the Master Agreement or at such other address in the United States as may be specified by Pledgor in a written notice delivered to Lender at such office as Lender may designate for such purpose from time to time in a written notice to Pledgor.

(g) Modifications. No provision hereof shall be modified or limited except by a written agreement expressly referring hereto and to the provisions so modified or limited and signed by Pledgor and Secured Party. The provisions of this Agreement shall not be modified or limited by course of conduct or usage of trade.

(h) Severability. In case any provision in this Agreement shall be held to be invalid, illegal or unenforceable, such provision shall be severable from the rest of this Agreement, as the case may be, and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(i) Applicable Law. This Agreement is a "Loan Document" with respect to Pledgor for purposes of, and is entered into in connection with, the Master Agreement, and shall be governed by, construed and interpreted in accordance with the governing law set forth in ***Article XIII*** of the Master Agreement.

(j) Financing Statement. Pledgor hereby irrevocably authorizes Secured Party (or its designee) at any time and from time to time to file in any jurisdiction any financing or continuation statement and amendment thereto or any registration of charge, mortgage or otherwise, containing any information required under the UCC or the Law of any other applicable jurisdiction, necessary or appropriate in the judgment of Secured Party to perfect or evidence its first priority security interest in and lien on the Collateral. Pledgor hereby irrevocably ratifies and approves any such filing, registration or recordation in any jurisdiction by Secured Party (or its designee) that has occurred prior to the date hereof, of any financing statement, registration of charge, mortgage or otherwise. Pledgor agrees to provide to the Secured Party (or its designees) any and all information required under the UCC or the law of any other applicable jurisdiction for the effective filing of a financing statement and/or any amendment thereto or any registration of charge, mortgage or otherwise.

(k) Release of Security Interest Upon Satisfaction of Master Agreement Obligations. Upon the termination of all Loans (as defined under the Master Agreement) pursuant to the terms of the Master Agreement and full and final satisfaction of all obligations under the Master Agreement (except for those obligation that expressly survive termination of the Loans), the parties irrevocably agree that (i) the security interest, lien, pledge, and assignment of the Collateral hereunder, together with all rights and powers of the Secured Party hereunder, shall immediately be deemed to be void and (ii) the Secured Party shall immediately return to the Pledgor all Collateral in its possession or control.

NOTICE OF FINAL AGREEMENT. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES HERETO RELATING TO THE SUBJECT MATTER HEREOF AND SUPERSEDES ANY AND ALL PREVIOUS AGREEMENTS AND UNDERSTANDINGS, ORAL OR WRITTEN, BETWEEN THE PARTIES HERETO RELATING TO THE SUBJECT MATTER HEREOF.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives as of the date first above written.

PLEDGOR:

THREE ARROWS CAPITAL LTD

DocuSigned by:
By: _____
15665D33A144445...
Name:
Title:

Consented to with respect Section 3 of the Pledge Agreement:

GRAYSCALE INVESTMENTS, LLC, as Sponsor to the Trusts

DocuSigned by:
By: Michael Sonnenshein _____
809B8310A92546F...
Name:
Title:

SECURED PARTY:

GENESIS GLOBAL CAPITAL, LLC

DocuSigned by:
By: Arianna Pretto-Sakmann _____
77A200507D6D40F...
Name:
Title:

Schedule A

Trust	Pledged Shares	Transaction Advice Number
Grayscale Bitcoin Trust (BTC)	1,190,275	435858
Grayscale Bitcoin Trust (BTC)	519,657	434382
Grayscale Bitcoin Trust (BTC)	415,862	437197
Total	**2,125,794**	

Exhibit A

Pledge Supplement

Exhibit 5

PLEDGE SUPPLEMENT

THIS PLEDGE SUPPLEMENT (as amended, amended and restated, supplemented or otherwise modified from time to time, this "***Supplement***"), dated as of June 4, 2020, is made by **THREE ARROWS CAPITAL LTD** (the "***Pledgor***"), in favor of **GENESIS GLOBAL CAPITAL, LLC** (the "***Secured Party***"). All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Pledge Agreement (as defined below).

WHEREAS, the Pledgor is required under the terms of that certain Pledge Agreement dated as of May 28, 2020, executed by the Pledgor, in favor of the Secured Party (as from time to time amended, restated, supplemented or otherwise modified from time to time, the "***Pledge Agreement***"), to cause certain Equity Interests held by it and listed on Supplemental Schedule A attached to this Supplement (the "***Additional Interests***") to be specifically identified as subject to the Pledge Agreement; and

WHEREAS, the Pledgor has acquired rights in the Additional Interests and desires to evidence its prior pledge to the Secured Party of the Additional Interests in accordance with the terms of the Master Agreement and the Pledge Agreement;

NOW, THEREFORE, in order to induce the Agent and Lenders to maintain the loans advanced pursuant to the Master Agreement, the Pledgor hereby agrees as follows with the Agent:

1. Affirmations.

(a) The Pledgor hereby reaffirms and acknowledges the pledge and collateral assignment to, and the grant of security interest in, the Additional Interests contained in the Pledge Agreement and pledges and collaterally assigns to the Secured Party a first priority lien and security interest, to secure the performance of all Secured Obligations in (a) the Additional Interests and (b) all proceeds of any of the foregoing.

(b) The Pledgor hereby acknowledges, agrees and confirms by its execution of this Supplement that the Additional Interests constitute "Equity Interests" under and are subject to the Pledge Agreement, and the items of property referred to in clauses (a) and (b) above (the "***Additional Collateral***") shall collectively constitute "Collateral" under and are subject to the Pledge Agreement. Each of the representations and warranties with respect to Equity Interests and Collateral contained in the Pledge Agreement is hereby made by the Pledgor with respect to the Additional Interests and the Additional Collateral, respectively. Attached to this Supplement is a duly completed Supplemental Schedule A (the "***Supplemental Schedule***") supplementing as indicated thereon Schedule A to the Pledge Agreement. The Pledgor represents and warrants that the information contained on the Supplemental Schedule with respect to such Additional Interests is true, complete and accurate as of the date of its execution of this Supplement.

2. Miscellaneous. Section 9(i) of the Pledge Agreement is hereby incorporated *mutatis mutandi* in this Agreement as if fully set forth herein.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the Pledgor has caused this Supplement to be duly executed by its authorized officer as of the day and year first above written.

PLEDGOR:

THREE ARROWS CAPITAL LTD

DocuSigned by:

By: _____
15665D33A144445...
Name: Kyle Davies
Title: Chairman

Accepted:

GENESIS GLOBAL CAPITAL, LLC

By: DocuSigned by: Kristopher Johnson
E5D870D05A1C4B3...
Name: Kristopher Johnson
Title: Senior Risk Officer

SUPPLEMENTAL SCHEDULE A

ADDITIONAL PLEDGED EQUITY

Trust	Pledged Shares	Transaction Advice Number
Grayscale Ethereum Trust	116,326	413615
Grayscale Ethereum Trust	104,133	338169
Grayscale Ethereum Trust	95,169	413169
Grayscale Ethereum Trust	56,259	340230
Grayscale Ethereum Trust	40,637	341025
Grayscale Ethereum Trust	34,404	342822
Total	**446,928**	

Exhibit 6

PLEDGE SUPPLEMENT

THIS PLEDGE SUPPLEMENT (as amended, amended and restated, supplemented or otherwise modified from time to time, this "***Supplement***"), dated as of June 16, 2020, is made by **THREE ARROWS CAPITAL LTD** (the "***Pledgor***"), in favor of **GENESIS GLOBAL CAPITAL, LLC** (the "***Secured Party***"). All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Pledge Agreement (as defined below).

WHEREAS, the Pledgor is required under the terms of that certain Pledge Agreement dated as of May 28, 2020, executed by the Pledgor, in favor of the Secured Party (as from time to time amended, restated, supplemented or otherwise modified from time to time, the "***Pledge Agreement***"), to cause certain Equity Interests held by it and listed on Supplemental Schedule A attached to this Supplement (the "***Additional Interests***") to be specifically identified as subject to the Pledge Agreement; and

WHEREAS, the Pledgor has acquired rights in the Additional Interests and desires to evidence its prior pledge to the Secured Party of the Additional Interests in accordance with the terms of the Master Agreement and the Pledge Agreement;

NOW, THEREFORE, in order to induce the Agent and Lenders to maintain the loans advanced pursuant to the Master Agreement, the Pledgor hereby agrees as follows with the Agent:

1. Affirmations.

(a) The Pledgor hereby reaffirms and acknowledges the pledge and collateral assignment to, and the grant of security interest in, the Additional Interests contained in the Pledge Agreement and pledges and collaterally assigns to the Secured Party a first priority lien and security interest, to secure the performance of all Secured Obligations in (a) the Additional Interests and (b) all proceeds of any of the foregoing.

(b) The Pledgor hereby acknowledges, agrees and confirms by its execution of this Supplement that the Additional Interests constitute "Equity Interests" under and are subject to the Pledge Agreement, and the items of property referred to in clauses (a) and (b) above (the "***Additional Collateral***") shall collectively constitute "Collateral" under and are subject to the Pledge Agreement. Each of the representations and warranties with respect to Equity Interests and Collateral contained in the Pledge Agreement is hereby made by the Pledgor with respect to the Additional Interests and the Additional Collateral, respectively. Attached to this Supplement is a duly completed Supplemental Schedule A (the "***Supplemental Schedule***") supplementing as indicated thereon Schedule A to the Pledge Agreement. The Pledgor represents and warrants that the information contained on the Supplemental Schedule with respect to such Additional Interests is true, complete and accurate as of the date of its execution of this Supplement.

2. Miscellaneous. Section 9(i) of the Pledge Agreement is hereby incorporated *mutatis mutandi* in this Agreement as if fully set forth herein.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the Pledgor has caused this Supplement to be duly executed by its authorized officer as of the day and year first above written.

PLEDGOR:

THREE ARROWS CAPITAL LTD

DocuSigned by:

By: _____
15665D33A144445...
Name: Kyle Davies
Title: Chairman

Accepted:

GENESIS GLOBAL CAPITAL, LLC

By: DocuSigned by: Kristopher Johnson E5D870D05A1C4B3...
Name: Kristopher Johnson
Title: Senior Risk Officer

SUPPLEMENTAL SCHEDULE A

ADDITIONAL PLEDGED EQUITY

Trust	Pledged Shares	Transaction Advice Number
Grayscale Bitcoin Trust (BTC)	2,076,238	425243

Exhibit 7

PLEDGE AGREEMENT

This **PLEDGE AGREEMENT** ("***Agreement***") is entered into as of November 16, 2021 by and between **GENESIS ASIA PACIFIC PTE. LTD.** ("***Secured Party***") and **THREE ARROWS CAPITAL LTD** ("***Pledgor***").

WHEREAS, Pledgor and Secured Party are entering into that certain Master Loan Agreement dated as of January 24, 2020 (together with any Loan Term Sheet thereunder, and as amended, modified, supplemented, or restated from time to time, the "***Master Agreement***"; unless specified otherwise, capitalized terms used but not defined herein shall have the meanings assigned in the Master Agreement); and

WHEREAS, in connection with the Master Agreement, Pledgor has agreed to grant a security interest in, and pledge and assign as applicable, the Collateral (hereinafter defined) to Secured Party, as herein provided.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged and agreed, the parties hereto agree as follows:

1. **Security Interest**. To secure the payment and the performance of the Secured Obligations (hereinafter defined), Pledgor hereby pledges, assigns and grants to Secured Party a first priority security interest and lien in all of the following (collectively, the "***Collateral***"): (a) Pledgor's Equity Interests (hereinafter defined) in the trusts (each, a *"**Trust**"*, and collectively, the "***Trusts***") listed on Schedule A (as the same may be updated from time to time) held in Account No. 11345090 with TradeStation (together with all renewals, extensions, and replacements of and substitutions for such account, including, but not limited to, any replacement account created as a result of the occurrence of an expiration date, the "***Account***"), and the certificates, if any, representing Pledgor's Equity Interests in the Trusts, as such interests may be increased or otherwise adjusted from time to time, including, without limitation, Pledgor's capital accounts, Pledgor's interests in the net cash flow, net profit and net loss, and items of income, gain, loss, deduction and credit of the Trusts, and Pledgor's interests in all distributions made or to be made by the Trusts to Pledgor; (b) all of Pledgor's rights, titles, and interests in the Organizational Documents (hereinafter defined) of the Trusts, Pledgor's rights to vote upon, approve, or consent to (or withhold consent or approval to) any matter pursuant to the Organizational Documents of the Trusts, or otherwise to control, manage, or direct the affairs of the Trusts, Pledgor's rights to terminate, amend, supplement, modify or waive performance under, the Organizational Documents of the Trusts, or perform thereunder, and to compel performance and otherwise to exercise all remedies thereunder, and all of the other economic and non-economic rights, titles and interests of Pledgor as a member of the Trusts and under the Organizational Documents of the Trusts, in each case, whether set forth in the Organizational Documents of the Trusts, by separate agreement or otherwise; (c) all cash, financial assets, investment property, securities entitlements, and securities maintained from time to time in the Account, and (d) the proceeds of all of the foregoing.

2. **Secured Obligations**. "***Secured Obligations***" means, in each case, whether now in existence or hereafter arising: (a) all payment obligations and any applicable interest thereon (including interest accruing after the filing of any bankruptcy or similar petition) and (b) all other fees and commissions (including attorneys' fees in connection with Secured Party's enforcement or protection of its rights under the Master Agreement or any Loan Document), charges, indebtedness, loans, liabilities, financial accommodations, obligations, covenants and duties, in each case owing by Pledgor to Secured Party under the Master Agreement and any Loan Document, and whether or not evidenced by any note and including interest and fees that accrue after the commencement by or against Pledgor of any proceeding under any bankruptcy or insolvency law or other similar law affecting creditors' rights, naming Pledgor as the debtor in such proceeding, including fees, indemnification obligations, expenses or otherwise, and all costs and expenses of administering or maintaining the Collateral and of enforcing the rights of Secured Party hereunder and under the Master Agreement and the other Loan Documents.

3. **Pledgor's Warranties**. Pledgor represents and warrants to Secured Party as follows:

(a) Pledgor owns Equity Interests of the Trusts, all of which have been duly and validly issued, are fully paid and non-assessable. None of the Collateral is certificated. Pledgor owns all Collateral free and clear from any set-off, claim, restriction, lien, security interest or encumbrance, except the security interest hereunder and the vesting provisions to which the Collateral is subject, and has full power and authority to grant to Secured Party the security interest in such Collateral pursuant hereto. The execution, delivery and performance by Pledgor of this Agreement have been duly and validly authorized by all necessary company action, and this Agreement constitutes a legal, valid, and binding obligation of Pledgor and creates a security interest which is enforceable against Pledgor in all now owned and hereafter acquired Collateral, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity.

(b) Neither the execution and delivery by Pledgor of this Agreement, the creation and perfection of the security interest in the Collateral granted hereunder, nor compliance with the terms and provisions hereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on Pledgor or any contracts or agreements to which Pledgor is a party or is subject, or by which Pledgor, or its property, is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any lien pursuant to the terms of any such contract or agreement (other than any lien of Secured Party). There is no litigation, investigation or governmental proceeding threatened against Pledgor or any of its properties which if adversely determined would result in a material adverse effect on the Collateral or Pledgor.

(c) The Equity Interests that are included in the Collateral have not been financed by the Secured Party or its affiliates.

4. **Pledgor's Covenants.** Until full payment and performance of all of the Secured Obligations:

(a) Secured Obligations and this Agreement. Pledgor shall perform all of its agreements herein, in the Master Agreement and in the other Loan Documents.

(b) Pledgor Remains Liable. Notwithstanding anything to the contrary contained herein, (i) Pledgor shall remain liable under the contracts and agreements included in the Collateral, if any, to the extent set forth therein to perform all duties and obligations thereunder to the same extent as if this Agreement had not been executed; (ii) the exercise by Secured Party of any of its rights hereunder shall not release Pledgor from any of its duties or obligations under the contracts and agreements included in the Collateral, if any; and (iii) Secured Party shall not have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement, nor shall Secured Party be obligated to perform any of the obligations or duties of Pledgor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

(c) Collateral. The security interest in the Collateral granted pursuant to this Agreement is a valid and binding first priority security interest in the Collateral subject to no other liens or security interests, and Pledgor shall keep the Collateral free from all liens and security interests, except those for taxes not yet due and payable and the security interest hereby created. Pledgor shall defend the Collateral against all claims and demands of all persons at any time claiming any interest therein adverse to Secured Party. Secured Party acknowledges that the Collateral is subject to vesting provisions and agrees that any restrictions related to such vesting provisions are not a breach by Pledgor of any obligation under this Agreement or any Loan Document.

(d) Secured Party's Costs. Pledgor shall pay all costs necessary to obtain, preserve, perfect, defend and enforce the security interest created by this Agreement (including the preparation of this Agreement), collect the Secured Obligations, and preserve, defend, enforce and collect the Collateral, including but not limited to payment of taxes, assessments, reasonable attorney's fees, legal expenses and expenses of sales. Whether the Collateral is or is not in Secured Party's possession, and without any obligation to do so and without waiving Pledgor's default for failure to make any such payment, Secured Party, at its option, may pay any such costs and expenses and discharge encumbrances on the Collateral, and such payments shall be a part of the Secured Obligations and bear interest at the rate set for the Secured Obligations. Pledgor agrees to reimburse Secured Party on demand for any costs so incurred.

(e) Financing Statements. No financing statement, register of mortgages, charges and other encumbrances or similar document covering the Collateral or any part thereof is or shall be maintained at the registered office of Pledgor or on file in any public office (except in favor of Secured Party), and Pledgor will, at the request of Secured Party, join the Secured Party in (i) filing one or more financing statements pursuant to the UCC (as defined below) naming Secured Party as secured party, and/or (ii) executing and/or filing such other documents required under the laws of all jurisdictions necessary or appropriate in the judgment of Secured Party to obtain, maintain and perfect its first priority security interest in, and lien on, the Collateral.

(f) Information. Pledgor shall promptly furnish Secured Party any information with respect to the Collateral requested by Secured Party.

(g) Notice of Changes. Pledgor is Three Arrows Capital Ltd with its principal place of business and chief executive office located at 7 Temasek Boulevard #21-04, Singapore 038987. Pledgor shall promptly (and in any event at least fifteen (15) Business Days prior) notify Secured Party in writing of (i) any change in his legal name, address, or jurisdiction of formation or (ii) a change in any matter warranted or represented by Pledgor in this Agreement.

(h) Possession of Collateral. Pledgor shall deliver all investment securities and other instruments and documents which are a part of the Collateral to Secured Party promptly, or if hereafter acquired, promptly following acquisition, in a form suitable for transfer by delivery or accompanied by duly executed instruments of transfer or assignment in blank with signatures appropriately guaranteed in form and substance suitable to Secured Party.

(i) Voting Rights. After the occurrence of an Event of Default, Secured Party is entitled to exercise all voting rights pertaining to any Collateral. Prior to the occurrence of an Event of Default, Pledgor may vote the Collateral, *provided, however*, that no vote shall be cast or consent, waiver, or ratification given or action taken without the prior written consent of Secured Party which would (i) be inconsistent with or violate any provision of this Agreement or any other Loan Document or (ii) amend, modify, or waive any term, provision or condition of any charter document, or other agreement relating to, evidencing, providing for the issuance of, or securing any Collateral, except to the extent any such amendment, modification or waiver would not be reasonably likely to have an adverse effect on Secured Party. If an Event of Default occurs and if Secured Party elects to exercise such right, the right to vote any pledged securities shall be vested exclusively in Secured Party. To this end, Pledgor hereby irrevocably constitutes and appoints Secured Party the proxy and attorney-in-fact of Pledgor, with full power of substitution, to vote, and to act with respect to, any and all Collateral standing in the name of Pledgor or with respect to which Pledgor is entitled to vote and act, subject to the understanding that such proxy may not be exercised unless an Event of Default has occurred. The proxy herein granted is coupled with an interest, is irrevocable, and shall continue until the Secured Obligations have been paid and performed in full or the Event of Default has been cured or waived, whichever comes first.

(j) Other Parties and Other Collateral. No renewal or extensions of or any other indulgence with respect to the Secured Obligations or any part thereof, no modification of the document(s) evidencing the Secured Obligations, no release of any security, no release of any person (including any maker, indorser, guarantor or surety) liable on the Secured Obligations, no delay in enforcement of payment, and no delay or omission or lack of diligence or care in exercising any right or power with respect to the Secured Obligations or any security therefor or guaranty thereof or under this Agreement shall in any manner impair or affect the rights of Secured Party under any law, hereunder, or under any other agreement pertaining to the Collateral. Secured Party need not file suit or assert a claim for personal judgment against any person for any part of the Secured Obligations or seek to realize upon any other security for the Secured Obligations, before foreclosing or otherwise realizing upon the Collateral.

(k) Waivers by Pledgor. Pledgor waives notice of the creation, advance, increase, existence, extension or renewal of, and of any indulgence with respect to, the Secured Obligations; waives notice of any change in financial condition of any person liable for the Secured Obligations or any part thereof, notice of any Event of Default, and all other notices respecting the Secured Obligations; and agrees that maturity of the Secured Obligations and any part thereof may, be accelerated, extended or renewed only in accordance with the Master Agreement. Pledgor waives any right to require that any action be brought against any other person or to require that resort be had to any other security or to any balance of any deposit account. Pledgor further waives any right of subrogation or to enforce any right of action against any other pledgor until the Secured Obligations are paid in full.

(l) Further Assurances. Pledgor agrees that, from time to time upon the written request of Secured Party, Pledgor will execute and deliver such further documents (including, without limitation, the delivery of a Pledge Supplement in the form of Exhibit A with respect to any additional Trusts and a control agreement with respect to the Collateral) and diligently perform such other acts and things in any jurisdiction (including, without limitation, Singapore) as Secured Party may reasonably request to fully effect the purposes of this Agreement, to further assure the first priority status of the Lien granted pursuant hereto or to enable Secured Party to exercise or enforce its rights under this Agreement or under the Master Agreement with respect to the Collateral or the collateral posted under the Master Agreement.

5. **Power of Attorney**. Pledgor hereby irrevocably constitutes and appoints Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the name of Pledgor or in its own name, to take after the occurrence of an Event of Default and from time to time thereafter, any and all action and to execute any and all documents and instruments which Secured Party at any time and from time to time deems necessary or desirable to accomplish the purposes of this Agreement, including, without limitation, selling, in the manner set forth herein, any of the Collateral on behalf of Pledgor as agent or attorney in fact for Pledgor and applying the proceeds received therefrom in Secured Party's discretion; *provided, however*, nothing in this paragraph shall be construed to obligate Secured Party to take any action hereunder nor shall Secured Party be liable to Pledgor for failure to take any action hereunder and, upon request, Secured Party shall promptly furnish Pledgor with a written summary of all sales hereunder. This appointment shall be deemed a power coupled with an interest, is irrevocable, and shall continue until the Secured Obligations have been paid and performed in full or the Event of Default has been cured or waived, whichever comes first.

6. **Rights and Powers of Secured Party**. Upon the occurrence of an Event of Default, Secured Party, without liability to Pledgor, may: vote the Collateral; take control of proceeds, including stock received as dividends or by reason of stock splits; take control of funds generated by the Collateral, such as cash dividends, interest and proceeds, and use same to reduce any part of the Secured Obligations and exercise all other rights which an owner of such Collateral may exercise; and, at any time, transfer any of the

Collateral or evidence thereof into its own name or that of its nominee. Secured Party shall not be liable for failure to collect any account or instruments, or for any act or omission on the part of Secured Party, its officers, agents or employees, except for any act or omission arising out of their own willful misconduct or fraud. The foregoing rights and powers of Secured Party will be in addition to, and not a limitation upon, any rights and powers of Secured Party given by law, elsewhere in this Agreement, or otherwise.

7. **Default.**

(a) Event of Default. As used herein, "***Event of Default***" means any "Event of Default" under the Master Agreement with respect to which Pledgor is the Defaulting Party.

(b) Rights and Remedies. If any Event of Default occurs, in each and every such case, Secured Party may, without (i) presentment, demand, or protest, (ii) notice of default, dishonor, demand, non-payment, or protest, (iii) notice of intent to accelerate all or any part of the Secured Obligations, (iv) notice of acceleration of all or any part of the Secured Obligations, or (v) notice of any other kind, all of which Pledgor hereby expressly waives (except for any notice required under this Agreement, any other Loan Document, or which may not be waived under applicable law), at any time thereafter exercise and/or enforce any of the following rights and remedies, at Secured Party's option:

(i) *Acceleration*. The Secured Obligations under the Master Agreement and the other Loan Documents shall, at Secured Party's option, become immediately due and payable, and the obligation, if any, of Secured Party to permit further borrowings under the Master Agreement shall, at Secured Party's option, immediately cease and terminate.

(ii) *Liquidation of Collateral*. Sell, or instruct any agent or broker to sell, all or any part of the Collateral in a public or private sale, direct any agent or broker to liquidate all or any part of any account and deliver all proceeds thereof to Secured Party, and apply all proceeds to the payment of any or all of the Secured Obligations in such order and manner as Secured Party shall, in its discretion, choose.

(iii) *Uniform Commercial Code*. All of the rights, powers and remedies of a secured creditor under the Uniform Commercial Code ("***UCC***") as the same may, from time to time, be in effect in the State of New York, *provided*, *however*, in any event that, by reason of mandatory provisions of Law, any or all of the attachment, perfection or priority (or terms of similar import in any applicable jurisdiction) of Secured Party's security interest in any Collateral is governed by the Uniform Commercial Code (or other similar Law) as in effect in a jurisdiction (whether within or outside the United States) other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code (or other similar Law) as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority (or terms of similar import in such jurisdiction) and for purposes of definitions related to such provisions, and any and all rights and remedies available to it as a result of this Agreement or any other Loan Document, including, without limitation, the right, to the maximum extent permitted by law, to exercise all voting, consensual and other powers of ownership pertaining to the Collateral (including, without limitation, the right to sell, transfer, pledge or redeem any and all of the Collateral, which right shall be exercised in a commercially reasonable manner) as if Secured Party was the sole and absolute owner thereof (and Pledgor agrees to take all such action as may be appropriate to give effect to such right).

Pledgor specifically understands and agrees that any sale by Secured Party of all or any part of the Collateral pursuant to the terms of this Agreement may be effected by Secured Party at times and in manners

which could result in the proceeds of such sale being significantly and materially less than what might have been received if such sale had occurred at different times or in different manners, and Pledgor hereby releases Secured Party and its officers and representatives from any and all obligations and liabilities arising out of or related to the timing or manner of any such sale; provided, however, that any such sale shall be conducted in a commercially reasonable manner. If, in the opinion of Secured Party, there is any question that a public sale or distribution of any Collateral will violate any state or federal securities law, Secured Party may offer and sell such Collateral in a transaction exempt from registration under federal securities law, and any such sale made in good faith by Secured Party shall be deemed "commercially reasonable." Furthermore, Pledgor acknowledges that any such restricted or private sales may be at prices and on terms less favorable to Pledgor than those obtainable through a public sale without such restrictions, but agrees that such sales are commercially reasonable. Pledgor further acknowledges that any specific disclaimer of any warranty of title or the like by Secured Party will not be considered to adversely affect the commercial reasonableness of any sale of Collateral. Any notice made shall be deemed reasonable if sent to Pledgor at the address set forth in ***ARTICLE XV*** of the Master Agreement at least ten (10) days prior to (i) the date of any public sale or (ii) the time after which any private sale or other disposition may be made.

Secured Party's duty of care with respect to Collateral in its possession (as imposed by law) shall be deemed fulfilled if it exercises reasonable care in physically safekeeping such Collateral or, in the case of Collateral in the custody or possession of a bailee or other third party, exercises reasonable care in the selection of the bailee or other third party, and the Secured Party need not otherwise preserve, protect, insure or care for any Collateral. Secured Party shall not be obligated to preserve any rights Pledgor may have against prior parties, to realize on the Collateral at all or in any particular manner or order, or to apply any cash proceeds of Collateral in any particular order of application.

(iv) *Deficiencies*. If any Secured Obligations remain after the application of the proceeds of the Collateral, Secured Party may continue to enforce its remedies under this Agreement or the other Loan Documents to collect the deficiency.

(v) *Excess*. Not in limitation of any of Secured Party's rights hereunder, under the Loan Documents or under applicable law, if the proceeds of the Collateral exceed the amount of the Secured Obligations (any such exceeds, the "***Excess Proceeds***"), the Excess Proceeds will be delivered to Pledgor in accordance with the terms of the Master Agreement.

8. **General.**

(a) Parties Bound. Secured Party's rights hereunder shall inure to the benefit of its successors and assigns, and in the event of any assignment or transfer of any of the Secured Obligations or the Collateral, Secured Party thereafter shall be fully discharged from any responsibility with respect to the Collateral so assigned or transferred, but Secured Party shall retain all rights and powers hereby given with respect to any of the Secured Obligations or the Collateral not so assigned or transferred. Secured Party may assign all or a portion of its rights and obligations under this Agreement only in connection with the assignment of its rights and obligations under the Master Agreement in circumstances permitted by the Master Agreement. Pledgor may not assign any of its rights and obligations under this Agreement to any person or entity without the prior written consent of Secured Party. All representations, warranties and agreements of Pledgor shall be binding upon the personal representatives, heirs, successors and assigns of Pledgor.

(b) Discretion by Secured Party. Any determinations made by Secured Party shall be made, in each case, in its sole discretion exercised in good faith unless otherwise stated herein.

(c) Termination. This Agreement shall remain in full force and effect until all of the Secured Obligations and any other amounts payable hereunder are indefeasibly paid and performed in full and the Loan Documents are terminated.

(d) Waiver. No delay of Secured Party in exercising any power or right shall operate as a waiver thereof, nor shall any single or partial exercise of any power or right preclude other or further exercise thereof or the exercise of any other power or right. No waiver by Secured Party of any right hereunder or of any default by Pledgor shall be binding upon Secured Party unless in writing, and no failure by Secured Party to exercise any power or right hereunder or waiver of any default by Pledgor shall operate as a waiver of any other or further exercise of such right or power or of any further default. Each right, power and remedy of Secured Party as provided for herein related to the Secured Obligations, or which shall now or hereafter exist at law or in equity or by statute or otherwise, shall be cumulative and concurrent and shall be in addition to every other such right, power or remedy. The exercise or beginning of the exercise by Secured Party of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by Secured Party of any or all other such rights, powers or remedies.

(e) Definitions. Unless the context indicates otherwise, definitions in the UCC apply to words and phrases in this Agreement; if UCC definitions conflict, Article 8 and/or 9 definitions apply. The following terms, when used in this Agreement, shall have the meanings assigned to them below:

(i) "***Equity Interests***" means, with respect to any corporation, limited liability company, trust, joint venture, association, company, partnership or other entity, all of the shares of capital stock thereof (or other ownership or profit interests therein), all of the warrants, options or other rights for the purchase or acquisition from such corporation, limited liability company, trust, joint venture, association, company, partnership or other entity of shares of capital stock thereof (or other ownership or profit interests therein), all of the securities convertible into or exchangeable for shares of capital stock thereof (or other ownership or profit interests therein) or warrants, rights or options for the purchase or acquisition from such corporation, limited liability company, trust, joint venture, association, company, partnership or other entity of such shares (or such other interests), and all of the other ownership or profit interests in such corporation, limited liability company, trust, joint venture, association, company, partnership or other entity (including partnership, member or trust interests therein), whether voting or nonvoting, whether economic or non-economic, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

(ii) "***Organizational Documents***" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization, and the limited liability company agreement or operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable governmental authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

(f) Notice. All notices and other communications to Pledgor under this Agreement shall be in writing and shall be delivered in accordance with ***ARTICLE XV*** of the Master

Agreement to Pledgor at its address set forth in ***ARTICLE XV*** of the Master Agreement or at such other address in the United States as may be specified by Pledgor in a written notice delivered to Lender at such office as Lender may designate for such purpose from time to time in a written notice to Pledgor.

(g) Modifications. No provision hereof shall be modified or limited except by a written agreement expressly referring hereto and to the provisions so modified or limited and signed by Pledgor and Secured Party. The provisions of this Agreement shall not be modified or limited by course of conduct or usage of trade.

(h) Severability. In case any provision in this Agreement shall be held to be invalid, illegal or unenforceable, such provision shall be severable from the rest of this Agreement, as the case may be, and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(i) Applicable Law. This Agreement is a "Loan Document" with respect to Pledgor for purposes of, and is entered into in connection with, the Master Agreement, and shall be governed by, construed and interpreted in accordance with the governing law set forth in ***ARTICLE XIII*** of the Master Agreement.

(j) Financing Statement. Pledgor hereby irrevocably authorizes Secured Party (or its designee) at any time and from time to time to file in any jurisdiction any financing or continuation statement and amendment thereto or any registration of charge, mortgage or otherwise, containing any information required under the UCC or the Law of any other applicable jurisdiction, necessary or appropriate in the judgment of Secured Party to perfect or evidence its first priority security interest in and lien on the Collateral. Pledgor hereby irrevocably ratifies and approves any such filing, registration or recordation in any jurisdiction by Secured Party (or its designee) that has occurred prior to the date hereof, of any financing statement, registration of charge, mortgage or otherwise. Pledgor agrees to provide to the Secured Party (or its designees) any and all information required under the UCC or the law of any other applicable jurisdiction for the effective filing of a financing statement and/or any amendment thereto or any registration of charge, mortgage or otherwise.

(k) Release of Security Interest Upon Satisfaction of Master Agreement Obligations. Upon the termination of all Loans (as defined under the Master Agreement) pursuant to the terms of the Master Agreement and full and final satisfaction of all obligations under the Master Agreement (except for those obligation that expressly survive termination of the Loans), the parties irrevocably agree that (i) the security interest, lien, pledge, and assignment of the Collateral hereunder, together with all rights and powers of the Secured Party hereunder, shall immediately be deemed to be void and (ii) the Secured Party shall immediately return to the Pledgor all Collateral in its possession or control.

NOTICE OF FINAL AGREEMENT. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES HERETO RELATING TO THE SUBJECT MATTER HEREOF AND SUPERSEDES ANY AND ALL PREVIOUS AGREEMENTS AND UNDERSTANDINGS, ORAL OR WRITTEN, BETWEEN THE PARTIES HERETO RELATING TO THE SUBJECT MATTER HEREOF.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives as of the date first above written.

PLEDGOR:

THREE ARROWS CAPITAL LTD

DocuSigned by:
By: Kyle Davies
15665D33A144445...
Name: Kyle Davies
Title: Director

SECURED PARTY:

GENESIS ASIA PACIFIC PTE. LTD.

DocuSigned by:
By: Kristopher Johnson
E5D870D05A1C4B3...
Name: Kristopher Johnson
Title: Authorized Signatory

Schedule A

Trust	Pledged Shares	TradeStation Account Number
Grayscale Bitcoin Trust	13,241,612	11345090

Exhibit A

Pledge Supplement

[See Attached.]

PLEDGE SUPPLEMENT

THIS PLEDGE SUPPLEMENT (as amended, amended and restated, supplemented or otherwise modified from time to time, this "***Supplement***"), dated as of [_____], 20[__], is made by **THREE ARROWS CAPITAL LTD** (the "***Pledgor***"), in favor of **GENESIS ASIA PACIFIC PTE. LTD.** (the "***Secured Party***"). All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Pledge Agreement (as defined below).

WHEREAS, the Pledgor is required under the terms of that certain Pledge Agreement dated as of [__], executed by the Pledgor, in favor of the Secured Party (as from time to time amended, restated, supplemented or otherwise modified from time to time, the "***Pledge Agreement***"), to cause certain Equity Interests held by it and listed on Schedule A attached to this Supplement (the "***Additional Interests***") to be specifically identified as subject to the Pledge Agreement; and

WHEREAS, the Pledgor has acquired rights in the Additional Interests and desires to evidence its pledge to the Secured Party of the Additional Interests in accordance with the terms of the Master Agreement and the Pledge Agreement;

NOW, THEREFORE, in order to induce the Agent and Lenders to maintain the loans advanced pursuant to the Master Agreement, the Pledgor hereby agrees as follows with the Agent:

1. Additional Collateral.

(a) The Pledgor hereby reaffirms and acknowledges the pledge and collateral assignment to, and the grant of security interest in, the Additional Interests contained in the Pledge Agreement and pledges and collaterally assigns to the Secured Party a first priority lien and security interest, to secure the performance of all Secured Obligations in (a) the Additional Interests and (b) all proceeds of any of the foregoing.

(b) The Pledgor hereby acknowledges, agrees and confirms by its execution of this Supplement that the Additional Interests constitute "Equity Interests" under and are subject to the Pledge Agreement, and the items of property referred to in clauses (a) and (b) above (the "***Additional Collateral***") shall collectively constitute "Collateral" under and are subject to the Pledge Agreement. Each of the representations and warranties with respect to Equity Interests and Collateral contained in the Pledge Agreement is hereby made by the Pledgor with respect to the Additional Interests and the Additional Collateral, respectively. Attached to this Supplement is a duly completed Schedule A (the "***Replacement Schedule***") replacing in its entirety Schedule A to the Pledge Agreement. The Pledgor represents and warrants that the information contained on the Replacement Schedule with respect to the Collateral is true, complete and accurate as of the date of its execution of this Supplement.

2. Miscellaneous. Section 8(i) of the Pledge Agreement is hereby incorporated *mutatis mutandi* in this Agreement as if fully set forth herein.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the Pledgor has caused this Supplement to be duly executed by its authorized officer as of the day and year first above written.

PLEDGOR:

THREE ARROWS CAPITAL LTD

By: _____
Name:
Title:

Accepted:

GENESIS ASIA PACIFIC PTE. LTD.

By: _____
Name:
Title:

REPLACEMENT SCHEDULE A

PLEDGED EQUITY

Exhibit 8

ACCOUNT CONTROL AGREEMENT

THIS ACCOUNT CONTROL AGREEMENT (this "**Agreement**") is dated as of November 15th, 2021 among Three Arrows Capital, Ltd ("**Pledgor**"), with an address of 7 Temasek Blvd #21-04, Singapore, 038987, TradeStation Securities, Inc., as Securities Intermediary ("**Securities Intermediary**"), with an address of 8050 Southwest 10th Street, Plantation, FL 33324, and Genesis Asia Pacific Pte. Ltd. ("**Secured Party**"), with an address of 3 Fraser street #05-25 Duo Tower, Singapore 189352.

DEFINITIONS

1. "**Account**" shall mean the Account established and maintained by Securities Intermediary hereunder identified on Schedule 1 attached hereto. For purposes of the UCC, the Account shall be deemed to be a "securities account" (within the meaning of Section 8-501(a) of the UCC), and for purposes of the Hague Securities Convention[1] ("**Convention**") the Account shall be deemed to be a "securities account" (within the meaning of Article 1(1)(b) of the Convention).

2. "**Account Documentation**" shall mean the documentation with respect to the establishment and maintenance of the Account as set forth in the account application signed by Pledgor in connection with its opening of the Account with Securities Intermediary, together with all of the applicable agreements, acknowledgments, representations, warranties, notices, disclaimers and assumptions of risk referenced in such account application and any of such documents, as they may from time to time be modified or amended.

3. "**Authorized Person**" shall be: (a) in the case of Secured Party, any person, whether or not an officer or employee of Secured Party, authorized by Secured Party to give Written Instructions on behalf of Secured Party as set forth on Schedule 2 attached hereto (as it may be updated from time to time); and (b) in the case of Pledgor, any person, whether or not an officer or employee of Pledgor, designated by Pledgor as an authorized representative or associated person to have power or authority to directly or indirectly control the Account.

4. "**Collateral**" for purposes of this Agreement shall mean the Account and all cash, securities, securities entitlements, financial assets, investment property and other assets held in or credited to the Account from time to time, and the proceeds thereof (including any securities to be received upon conversion of securities credited to the Account).

5. "**Loan Agreement**" shall mean the Master Loan Agreement, dated as of January 24, 2020, between Pledgor, as borrower, and Secured Party, as lender, as it may be supplemented or amended from time to time.

[1] Hague Securities Convention means the Convention on the Law Applicable to Certain Rights in Respect of Securities Held with an Intermediary, dated July 5, 2006, as signed by the United States on such date, which comes into legal force and effect on April 1, 2017.

6. "**Loan Documents**" shall mean the Loan Agreement, the Pledge Agreement, and any applicable loan term sheets or other documentation issued or entered into pursuant to the Loan Agreement or the Pledge Agreement from time to time.

7. "**Pledge Agreement**" shall mean the Pledge Agreement, dated as of November 16, 2021, executed by Pledgor in favor of Secured Party, as it may be supplemented or amended from time to time.

8. "**Release Conditions**" shall mean that (i) all the obligations under the Loan Agreement (other than contingent indemnification obligations for which no claim has been asserted or accrued) (the "**Secured Obligations**") owed to Secured Party have been paid in full,(ii) the commitments of Secured Party pursuant to the Loan Documents, if any, have been terminated in full and (iii) Secured Party confirmed in writing that the conditions (i) and (ii) have been met.

9. "**UCC**" shall mean the Uniform Commercial Code as in effect in the State of New York from time to time.

10. "**Written Instructions**" shall mean instructions in writing by an Authorized Person received by Securities Intermediary via letter, facsimile transmission, or other method or system specified by Securities Intermediary as available for use in connection with this Agreement.

The terms "**entitlement holder**", "**entitlement order**", "**financial asset**", "**investment property**", "**proceeds**", "**security**", "**security entitlement**" and "**securities intermediary**" shall have the meanings set forth in Articles 8 and 9 of the UCC and the term "security" shall also include property included in the term "securities" in the Convention.

The Pledgor, Securities Intermediary and Secured Party are entering into this Agreement to provide for the control of the Account and the Collateral and to perfect the security interest of Secured Party in the Account and the Collateral.

Therefore, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereby agree as follows:

1. **Appointment of Securities Intermediary**. The Pledgor and Secured Party hereby appoint TradeStation Securities, Inc. as Securities Intermediary in accordance with the terms and conditions set forth herein, and the Securities Intermediary hereby accepts such appointment.

2. **Security Interest**. The parties acknowledge that, to secure the prompt and complete payment, performance and observance of all of the Secured Obligations owed to Secured Party, the Pledgor has granted to the Secured Party, for its benefit, pursuant to the Pledge Agreement, a security interest in all of its right, title and interest in the Collateral.

3. **The Account**.

a. Securities Intermediary hereby represents and warrants to, and agrees with, Secured Party and Pledgor that (i) the Account has been established in the name of Pledgor, (ii) Securities Intermediary will maintain records identifying the Collateral in the Account as pledged by Pledgor to Secured Party, (iii) to Securities Intermediary's actual knowledge as of the date hereof, except for the claims and interest of Secured Party and Pledgor in the Account and except for any claims or interests granted to Securities Intermediary and its affiliates pursuant to the Account Documentation or pursuant to law, rule or regulation, Securities Intermediary does not know of any claim to or interest in the Account or any financial asset held in or credited to the Account and (iv) Securities Intermediary will credit to the Account all proceeds received by it with respect to the Collateral. Pledgor and Securities Intermediary agree that they will not terminate the Account prior to termination of this Agreement without the prior written consent of Secured Party. All parties agree that (v) the Account is a "securities account" within the meaning of Article 8 of the UCC and Article 1(1)(b) of the Convention and that all property, including cash and cash equivalents, held by Securities Intermediary in the Account shall be treated as "financial assets" within the meaning of Article 8 of the UCC, (vi) the Securities Intermediary is acting as a "securities intermediary" with respect to the Account and the Collateral within the meaning of Article 8 of the UCC, and (vii) for purposes of Article 8 of the UCC, the State of New York is the Securities Intermediary's jurisdiction. The Securities Intermediary confirms that, as of the date hereof, it has an office in the United States which satisfies the requirements of clause (1) and (2) of Article 4 of the Hague Securities Convention. The Securities Intermediary and Pledgor each confirm that the Account Documentation and this Agreement constitute the sole agreements between the Securities Intermediary and Pledgor governing the Account. The Securities Intermediary makes no representation or warranty, and shall have no responsibility or liability, with respect to the effectiveness of the Pledge Agreement or this Agreement in granting or perfecting Secured Party's security interest in the Collateral.

b. All securities or other property underlying any financial assets credited to the Account shall be registered in the name of the Securities Intermediary, indorsed to the Securities Intermediary or in blank or credited to another securities account maintained in the name of the Securities Intermediary, and in no case shall any financial asset credited to the Account be registered in the name of the Pledgor, payable to the order of the Pledgor or specially indorsed to the Pledgor except to the extent the foregoing have been specially indorsed to the Securities Intermediary or in blank.

4. **Deposit into the Account**. Pledgor, simultaneously with, or prior to, the execution and delivery of this Agreement, has caused the initial Collateral to be deposited in the Account, which initial Collateral, together with any additional Collateral

deposited in the Account from time to time following the date hereof, shall be held by the Securities Intermediary upon the terms and conditions hereinafter set forth and in the Account Documentation. Any cash or cash equivalents maintained in the Account will not bear interest. The Securities Intermediary shall have no duty to solicit the Collateral. Pledgor or Secured Party shall notify the Securities Intermediary in writing at or prior to the time when Collateral is sent to the Securities Intermediary pursuant to this Agreement. The Securities Intermediary shall have no liability for Collateral, or interest thereon, sent to it that remains unclaimed and/or is returned if such written notification is not given.

5. **Distribution of Collateral**. Subject to Section 14, Securities Intermediary shall hold the Collateral in its possession until instructed hereunder to deliver the Collateral or any specified portion thereof in accordance with a Written Instruction signed by an Authorized Person of Secured Party pursuant to Section 7 or 15 hereof.

6. **Acknowledgement of Lien**. Securities Intermediary hereby acknowledges the security interest granted to Secured Party by Pledgor. Securities Intermediary and Pledgor each represents and acknowledges to Secured Party that the Account shall (i) have a 100% margin requirement, (ii) be enabled for equities trading only, (iii) except as contemplated by this Agreement, restrict Pledgor from the free delivery of assets, and (iv) except as contemplated by this Agreement, restrict withdrawal of cash. Securities Intermediary (i) shall not enter into any agreement with any third party that (x) provides that Securities Intermediary shall comply with entitlement orders concerning the Account originated by such third party or (y) purports to limit or condition the obligation of Securities Intermediary to comply with Written Instructions, originated by Secured Party hereunder without the prior written consent of Pledgor, including entitlement orders, and (ii) represents and warrants to Secured Party that it has made no agreement of the type set forth in clause (i). For the avoidance of doubt, the Account Documentation does not constitute an "agreement with any third party" within the meaning of the preceding sentence.

7. **Control**. Secured Party and Pledgor hereby intend that this Agreement establish "control" by Secured Party of the Account and the Collateral for purposes of perfecting Secured Party's security interest in the Account and the Collateral pursuant to Articles 8 and 9 of the UCC, and Securities Intermediary hereby acknowledges that it has been advised of Pledgor's grant to Secured Party of a security interest in the Account and the Collateral. Securities Intermediary shall comply at all times with entitlement orders originated by Secured Party concerning the Account without further consent by Pledgor. Unless an Event of Default has occurred within the meaning of the Loan Agreement, Secured Party hereby covenants, for the benefit of Pledgor, that Secured Party will not originate entitlement orders concerning the Account or the Collateral, except in accordance with the Loan Documents. The foregoing covenant is for the benefit of Pledgor only and will not be deemed to constitute a limitation on Secured Party's right, as between Securities Intermediary and Secured Party, to originate entitlement orders with respect to the Account and the Collateral or on Securities Intermediary's obligation to comply with those entitlement orders.

For the avoidance of doubt, subject to the rights of Securities Intermediary and its affiliates pursuant to the Account Documentation, Securities Intermediary shall at all times, without inquiry, comply with Written Instructions (including entitlement orders) solely from Secured Party with respect to the Account.

Subject to the rights of Securities Intermediary and its affiliates pursuant to the Account Documentation, Securities Intermediary shall transfer Collateral from the Account only in accordance with the provisions of this Section 7 and as provided in Section 15.

8. **Statements and Notices**. Securities Intermediary shall send copies of all monthly statements concerning the Account within seven (7) business days of the end of each month to each of Pledgor and Secured Party, which obligation may be satisfied by an automated e-mail notification each month sent to Pledgor's Authorized Person and the persons indicated on Schedule 3 hereto (as updated from time to time by Secured Party) informing them that the latest monthly statement is available for viewing in Securities Intermediary's online platform. Upon receipt of written notice of any lien, encumbrance or adverse claim against the Account or any financial asset carried therein, Securities Intermediary shall make reasonable efforts to promptly notify Secured Party and Pledgor thereof. In addition, Securities Intermediary shall provide to the persons indicated on Schedule 3 hereto (as updated from time to time by Secured Party) the ability to view the types and amounts of Collateral held in or credited to the Account, pursuant to Securities Intermediary's online platform, if then available. Pledgor consents to and authorizes Securities Intermediary to provide Secured Party, whether by electronic access or otherwise, any and all information concerning the Account and the Collateral that Securities Intermediary may agree to provide to Secured Party in accordance with this Agreement or otherwise at Secured Party's request from time to time.

9. **Limited Responsibility of Securities Intermediary**. Securities Intermediary shall have no responsibility or liability to Pledgor for complying with entitlement orders concerning the Account or the Collateral originated by Secured Party. Securities Intermediary shall have no responsibility or liability to Secured Party with respect to the value of the Account (except on account of any breach of this Agreement by Securities Intermediary's gross negligence or willful misconduct in each case as determined by a court of competent jurisdiction pursuant to a final, non-appealable judgment) or any asset held therein. Securities Intermediary shall have no duty to investigate or make any determination as to whether a default exists under any agreement between Pledgor and Secured Party.

10. **Indemnification of Securities Intermediary**. Pledgor hereby agrees to indemnify, defend and hold harmless Securities Intermediary, its affiliates and their respective directors, officers, agents and employees from and against any and all claims, causes of action, liabilities, lawsuits, demands and damages, including, without limitation, any and all court costs and reasonable and documented out-of-pocket attorneys' fees, in any way related to or arising out of or in connection with

this Agreement (except to the extent covered by the following paragraph) or any action taken or not taken pursuant hereto, except to the extent resulting from Securities Intermediary's gross negligence or willful misconduct in each case as determined by a court of competent jurisdiction in a final, non-appealable judgment. This indemnity shall be a continuing obligation of Pledgor and its successors and assigns, notwithstanding the earlier of resignation or removal of the Securities Intermediary or termination of this Agreement.

Secured Party hereby agrees to indemnify, defend and hold harmless Securities Intermediary, its affiliates and their respective directors, officers, agents and employees from and against any and all any costs, expenses, damages, liabilities or claims, including reasonable attorneys' fees, sustained or incurred by or asserted against Securities Intermediary, its affiliates or their respective directors, officers, agents and employees by reason of or as a result of any Written Instructions (including entitlement orders) originated by Secured Party (except Written Instructions requested by Pledgor) with respect to the Account and the Collateral; *provided* that Secured Party shall not indemnify Securities Intermediary for those losses arising out of Securities Intermediary's gross negligence, willful misconduct or breach of this Agreement in each case as determined by a court of competent jurisdiction in a final, non-appealable judgment. This indemnity shall be a continuing obligation of Secured Party and its successors and assigns, notwithstanding the earlier of resignation or removal of the Securities Intermediary or termination of this Agreement.

11. **Compensation of Securities Intermediary**. The Pledgor shall reimburse the Securities Intermediary for all loss, liability, damage, disbursements, advances or reasonable expenses paid or incurred by it in the administration of its duties hereunder, including, but not limited to, all reasonable and documented outside counsel, advisors' and agents' fees and disbursements and other governmental charges. The obligations contained in this Section 11 shall survive the termination of this Agreement and the resignation or removal of the Securities Intermediary.

12. **Resignation of Securities Intermediary**. The Securities Intermediary may resign and be discharged from its duties hereunder at any time by giving at least thirty (30) calendar days' prior written notice of such resignation to the Pledgor and Secured Party. The Pledgor and Secured Party may jointly remove the Securities Intermediary at any time by giving at least thirty (30) calendar days' prior written notice to the Securities Intermediary. Upon such notice, a successor Securities Intermediary shall be promptly appointed by the Pledgor and Secured Party, which shall provide written notice of such to the resigning or removed Securities Intermediary. Such successor Securities Intermediary shall become the Securities Intermediary hereunder upon the resignation or removal date specified in such notice. If the Pledgor and Secured Party are unable to agree upon a successor Securities Intermediary within thirty (30) days after notice of such resignation or removal, the Securities Intermediary may apply to a court of competent jurisdiction for the appointment of a successor Securities Intermediary or for other appropriate relief. The costs and expenses (including its reasonable and documented attorneys'

fees and expenses) incurred by the Securities Intermediary in connection with such proceeding shall be paid by the Pledgor. Upon receipt of the identity of the successor Securities Intermediary and such successor Securities Intermediary agreeing to act as Securities Intermediary hereunder and to comply with this Agreement, the Securities Intermediary shall deliver the Collateral then held hereunder to the successor Securities Intermediary; *provided* that Securities Intermediary may condition such delivery on the payment of any accrued fees, costs and expenses or other obligations owed to the Securities Intermediary hereunder. Upon its resignation or removal and delivery of the Collateral as set forth in this Section 12, the Securities Intermediary shall be discharged of and from any and all further obligations arising in connection with the Collateral or this Agreement.

13. **The Securities Intermediary**.

a. The duties, responsibilities and obligations of Securities Intermediary shall be limited to those expressly set forth herein, and no duties, responsibilities or obligations shall be inferred or implied against the Securities Intermediary. The Securities Intermediary shall not be subject to, nor required to comply with, any other agreement to which the Pledgor or Secured Party is a party, even though reference thereto may be made herein, or to comply with any direction or instruction (other than those contained herein or delivered in accordance with this Agreement) from the Pledgor or Secured Party or an entity acting on its behalf. The Securities Intermediary shall not be required to expend or risk any of its own funds or otherwise incur any liability, financial or otherwise, in the performance of any of its duties hereunder.

b. If at any time the Securities Intermediary is served with any judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process ("Judicial Notice") which in any way affects the Account or the Collateral (including but not limited to orders of attachment or garnishment or other forms of levies or injunctions or stays relating to the transfer of the Collateral), the Securities Intermediary is authorized to, in good faith, comply therewith in any manner it (in its reasonable determination) or legal counsel of its own choosing reasonably deems appropriate; and if the Securities Intermediary complies with any such judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process, Securities Intermediary shall not be liable to any of the parties hereto or to any other person or entity even though such order, judgment, decree, writ or process may be subsequently modified or vacated or otherwise determined to have been without legal force or effect. The Securities Intermediary shall use reasonable efforts to notify Pledgor and Secured Party, unless prohibited by law, (i) promptly following its receipt of any Judicial Notice and (ii) prior to transferring any Collateral pursuant to a Judicial Notice.

c. The Securities Intermediary shall not be liable for any action taken or omitted or for any loss or injury resulting from its actions or its performance or lack of performance of its duties hereunder in the absence of gross negligence or willful misconduct on its part in each case as determined by a court of competent jurisdiction in a final, non-appealable judgment. In no event shall the Securities Intermediary be liable (i) for acting in accordance with or conclusively relying upon any instruction, notice, demand, certificate or document from the Secured Party, (ii) for any indirect, consequential, punitive or special damages, regardless of the form of action and whether or not any such damages were foreseeable or contemplated, (iii) for the acts or omissions of its nominees, correspondents, designees, agents, subagents or subcustodians, or (iv) for an amount in excess of the value of the Collateral, but only to the extent of direct money damages.

d. The Securities Intermediary may consult with legal counsel of its own choosing, at the reasonable expense of the Pledgor, as to any matter relating to this Agreement, and the Securities Intermediary shall not incur any liability in acting in good faith in accordance with any advice from such counsel.

e. The Securities Intermediary shall not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder by reason of any occurrence beyond the control of the Securities Intermediary (including but not limited to any act or provision of any present or future law or regulation or governmental authority, any act of God or war, civil unrest, local or national disturbance or disaster, any act of terrorism, or the unavailability of the Federal Reserve Bank wire or facsimile or other wire or communication facility); *provided* that Securities Intermediary shall use commercially reasonable efforts to resume performance as promptly as practicable thereafter.

f. The Securities Intermediary shall be entitled to conclusively rely upon any order, judgment, certification, demand, notice, instrument or other writing delivered to it hereunder (subject to Section 13(l) below) without being required to determine the authenticity or the correctness of any fact stated therein or the propriety or validity or the service thereof. The Securities Intermediary may act in conclusive reliance upon any document, communication or signature believed by it to be genuine (subject to Section 13(l) below) and may assume that any person purporting to give receipt or advice, to make any statement or execute any document or communication in connection with the provisions hereof has been duly authorized to do so.

g. The Securities Intermediary shall not be responsible in any respect for the form, execution, validity, value or genuineness of documents or securities deposited hereunder, or for any description therein, or for the identity, authority or rights of persons executing or delivering or purporting to execute or deliver any such document, security or endorsement. The

Securities Intermediary shall not be called upon to advise any party as to the wisdom in selling or retaining or taking or refraining from any action with respect to any securities or other property deposited hereunder.

h. The Securities Intermediary shall not be under any duty to give the Collateral held by it hereunder any greater degree of care than it gives its own similar property and shall not be required to invest any funds held hereunder. Uninvested funds held hereunder shall not earn or accrue interest.

i. When the Securities Intermediary acts on any information, instructions or communications (including, but not limited to, communications with respect to the delivery of securities or the wire transfer of funds) sent by facsimile, email or other form of electronic or data transmission, the Securities Intermediary, absent gross negligence or willful misconduct in each case as determined by a court of competent jurisdiction in a final, non-appealable judgment, shall not be responsible or liable in the event such communication is not an authorized or authentic communication of the Secured Party or is not in the form the Secured Party sent or intended to send (whether due to fraud, distortion or otherwise). The party that sent such communication shall indemnify the Securities Intermediary against any loss, liability, claim or expense (including legal fees and expenses) it may incur with its acting in accordance with any such communication.

j. Subject to the rights of Securities Intermediary and its affiliates pursuant to the Account Documentation, Securities Intermediary shall at all times solely comply with the instructions or entitlement orders of Secured Party.

k. Except to the extent set forth in the Account Documentation or as provided by law, rule or regulation, the Securities Intermediary does not have any interest in the Collateral deposited hereunder but is serving as securities intermediary and having only possession thereof. The Pledgor shall pay or reimburse the Securities Intermediary upon request for any transfer taxes, withholding or other taxes relating to the Collateral incurred in connection herewith and shall indemnify and hold harmless the Securities Intermediary from any amounts that it is obligated to pay in the way of such taxes. Any payments of income from the Account shall be subject to withholding regulations then in force with respect to United States taxes. Pledgor and Secured Party will provide the Securities Intermediary with appropriate W-9 forms for tax identification number certifications, or W-8 forms for non-resident alien certifications, to the extent applicable. It is understood that the Securities Intermediary shall only be responsible for income reporting with respect to income earned on the Collateral and will not be responsible for any other reporting. For all applicable tax reporting and accounting purposes, all dividends, interest, distributions, gains and other income with respect to the Account shall be reported in the name of Pledgor. This

paragraph shall survive notwithstanding any termination of this Agreement or the resignation or removal of the Securities Intermediary.

l. For purposes of sending and receiving instructions or directions hereunder, all such instructions or directions shall be, and the Securities Intermediary may conclusively rely upon such instructions or directions, delivered and executed by an Authorized Person of the Pledgor or Secured Party.

m. Wherever in this Agreement the Securities Intermediary is required to comply with Written Instructions or other instructions or entitlement orders pertaining to the Account or the Collateral, all such Written Instructions, other instructions and entitlement orders shall be subject to the policies, procedures and other terms and conditions set forth in the Account Documentation pertaining thereto and compliance with applicable laws, rules and regulations, and in each such case Securities Intermediary shall have a reasonable period of time to act upon or implement such Written instructions or other instructions or entitlement orders.

14. **Termination**. The rights and powers granted herein to Secured Party have been granted in order to perfect its security interest in the Account and the Collateral, are powers coupled with an interest and shall not be affected by the lapse of time. This Agreement shall continue in effect until the earliest of (i) as to Securities Intermediary, Securities Intermediary's resignation or removal and delivery of the Collateral to a successor Securities Intermediary that agrees to act as Securities Intermediary hereunder and comply with this Agreement, in accordance with Section 12, (ii) any termination following the withdrawal of all Collateral from the Account pursuant to Section 15(b) below and (iii) Secured Party having notified Securities Intermediary in writing that this Agreement is terminated.

15. **Withdrawal of Collateral by Pledgor**.

a. For the avoidance of doubt, Securities Intermediary shall not release any Collateral upon a request from Pledgor and, subject to the rights of Securities Intermediary and its affiliates pursuant to the Account Documentation, shall act solely upon the Written Instructions of Secured Party at all times, and Section 15(b) and (c) shall not in any way affect the obligation of Securities Intermediary to comply with other instructions or entitlement orders originated by Secured Party.

b. Pledgor may, following satisfaction of the Release Conditions, provide written notice to Secured Party that Pledgor is entitled to the return to it of all of the Collateral held in the Account, subject to the immediately following sentence. If the Release Conditions have been met as certified in Written Instructions to Securities Intermediary and Pledgor so requests, Secured Party agrees, *vis a vis* Pledgor, to deliver Written Instructions to Securities Intermediary to transfer the Collateral as requested in writing by Pledgor, and Securities Intermediary shall comply with such Written

Instructions. Secured Party agrees, solely for the benefit of Pledgor, that it will deliver such Written Instructions promptly following satisfaction of the Release Conditions and a request from Pledgor therefor. For the avoidance of doubt, Securities Intermediary shall have no duty to determine whether the Release Conditions have been satisfied. This Agreement shall terminate upon Securities Intermediary's delivery of all of the Collateral held in the Account to Pledgor in accordance with the terms of this Section 15(b).

c. Notwithstanding any provision of this Agreement to the contrary, but subject to Section 15(a) above, Pledgor may, following satisfaction of the applicable conditions of the Loan Agreement, provide written notice to Secured Party that Pledgor is entitled to the release to it of a specified portion of the Collateral held in the Account to the extent permitted under the Loan Agreement, subject to the immediately following sentence. If Secured Party is reasonably satisfied that the conditions for such release under the Loan Agreement have been met, Secured Party agrees, solely for the benefit of Pledgor, to deliver Written Instructions to Securities Intermediary to effect such release as requested by Pledgor, and Securities Intermediary shall, without inquiry and in reliance on such Written Instructions, transfer such specified portion of Collateral pursuant to such Written Instructions of Secured Party. For the avoidance of doubt, Securities Intermediary shall have no duty to determine whether the relevant conditions to release set forth in the Loan Agreement have been satisfied.

16. **Representations**. Each party hereto represents and warrants that (i) it has the power to execute this Agreement, to deliver this Agreement and to perform its obligations under this Agreement and has taken all necessary action to authorize such execution, delivery and performance and (ii) its obligations under this Agreement constitute its legal, valid and binding obligations, enforceable in accordance with its terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

17. **Ambiguity**. In the event of any ambiguity or uncertainty hereunder or in any Written Instructions, Securities Intermediary may request clarification thereof and refrain from taking any action other than to retain possession of the Collateral, unless and until Securities Intermediary receives new or revised Written Instructions which eliminate such ambiguity or uncertainty; *provided* that nothing in this sentence shall affect the rights of Secured Party under Section 7 of this Agreement.

18. **Entire Agreement**. This Agreement, any schedules hereto and the instructions and notices required or permitted to be executed and delivered hereunder set forth the entire agreement of the parties with respect to the subject matter hereof.

19. **Amendments**. No amendment, modification or (except as otherwise specified in Section 14 above) termination of this Agreement, nor any assignment of any rights hereunder, shall be binding on any party hereto unless it is in writing and is signed by each of the parties hereto, and any attempt to so amend, modify, terminate (except as otherwise specified in Section 14 above) or assign except pursuant to such a writing shall be null and void; *provided, however*, that Securities Intermediary may assign its rights or delegate its obligations pursuant to this Agreement with prior written notice to Pledgor and Secured Party, but without any consent of, or writing signed by, Pledgor or Secured Party, to an entity that acquires all or substantially all of the business or assets of Securities Intermediary to which this Agreement pertains, whether by merger, reorganization, acquisition, sale or otherwise. No waiver of any rights hereunder shall be binding on any party hereto unless such waiver is in writing and signed by the party against whom enforcement is sought.

20. **Severability**. If any term or provision set forth in this Agreement shall be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall be construed in all respects as if such invalid or unenforceable term or provision were omitted.

21. **Successors**. The terms of this Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and permitted assigns.

22. **Notices**. Any notice, request or other communication required or permitted to be given under this Agreement shall be in writing and signed by an authorized person and shall be deemed to have been properly given (i) when delivered in person, (ii) when sent by telecopy or other electronic means as approved in advance by the Securities Intermediary or (iii) upon receipt of notice sent by overnight courier or certified or registered mail, return receipt requested, postage prepaid, addressed to the party at the address set forth next to such parties' name at the heading of this Agreement. Any party may change its address for notices in the manner set forth above.

23. **Counterparts**. This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing and delivering one or more counterparts. Delivery of an executed counterpart of this Agreement by telecopy or other electronic imaging means (e.g., "pdf" or "tif") shall be effective as delivery of an original executed counterpart of this Agreement.

24. **Governing Law; Jurisdiction; Waiver of Immunity; Jury Trial Waiver**. This Agreement and the Account shall be governed by and construed in accordance with the laws of the State of New York. The State of New York is the Securities Intermediary's jurisdiction. Secured Party, Pledgor and Securities Intermediary hereby consent to the jurisdiction of a state or federal court situated in New York

in connection with any dispute arising hereunder. To the extent that in any jurisdiction any party hereto may now or hereafter be entitled to claim, for itself or its assets, immunity from suit, execution, attachment (before or after judgment) or other legal process, such party irrevocably agrees not to claim, and hereby waives, such immunity. SECURED PARTY, PLEDGOR AND SECURITIES INTERMEDIARY EACH HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT. As permitted by Article 4 of the Hague Securities Convention on the Law Applicable to Certain Rights in Respect of Securities Held with an Intermediary, the parties hereto agree that the law of the State of New York shall govern each of the issues specified in Article 2(1) of the Hague Securities Convention.

25. **USA PATRIOT Act Section 326 Customer Identification Program**. In order to comply with the laws, rules, regulations and executive orders in effect from time to time applicable to U.S. financial institutions, including, without limitation, those relating to the funding of terrorist activities and money laundering, including Section 326 of the USA PATRIOT Act of the United States ("**Applicable Law**"), the Securities Intermediary is required to obtain, verify, record and update certain information relating to individuals and entities which maintain an account with the Securities Intermediary. Accordingly, Pledgor agrees to provide to the Securities Intermediary such identifying information and documentation as the Securities Intermediary may request from time to time in order to enable the Securities Intermediary to comply with Applicable Law.

26. **Conflict**. This Agreement supplements the Account Documentation solely with respect to the subject matter contained herein and does not otherwise amend or modify the Account Documentation or Security Intermediary's rights or remedies set forth therein; *provided* that in the case of a direct conflict between this Agreement and the Account Documentation, this Agreement shall prevail. As between Pledgor and Secured Party, in the case of any conflict between this Agreement and any Loan Document, the relevant Loan Document shall prevail.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

Three Arrows Capital, Ltd, a British Virgin Islands corporation, as Pledgor

By: DocuSigned by: Kyle Davies 15665D33A144445...
Name: Kyle Davies
Title: Director

Genesis Asia Pacific Pte. Ltd., a Singapore private limited company, as Secured Party

By: DocuSigned by: Kristopher Johnson E5D870D05A1C4B3...
Name: Kristopher Johnson
Title: Head of Risk

TRADESTATION SECURITIES, INC., a Florida corporation, as Securities Intermediary

By: DocuSigned by: John Bolek C8136BA9A8B8437
Name: John Bolek
Title: Vice President, Trading and Post Trading Operations

Schedule 1

Account

Three Arrows Capital, Ltd
Account Number: 11345090

Schedule 2

Authorized Persons of Secured Party

Name	Title
Kristopher Johnson	*Head of Risk*
Adim Offurum	*VP, Credit Risk*

Schedule 3

Authorized Persons of Secured Party for Online Access

Name	Email Address	Telephone Number
Kristopher Johnson	risk@genesiscap.co	
Adim Offurum	risk@genesiscap.co	
Griffin Tiedy	gtiedy@genesistrading.com	
Matthew Ballensweig	matt@genesiscap.co	

Exhibit 9

PLEDGE AGREEMENT

This **PLEDGE AGREEMENT** ("***Agreement***") is entered into as of January 27, 2022, by and between **GENESIS ASIA PACIFIC PTE. LTD.** ("***Secured Party***") and **THREE ARROWS CAPITAL LTD** ("***Pledgor***").

WHEREAS, Pledgor and Secured Party have entered into that certain Master Loan Agreement dated as of January 10, 2019 (together with any Loan Term Sheet thereunder, and as amended, modified, supplemented, or restated from time to time, the "***Master Agreement***"; unless specified otherwise, capitalized terms used but not defined herein shall have the meanings assigned in the Master Agreement); and

WHEREAS, in connection with the Master Agreement, Pledgor has agreed to grant a security interest in, and pledge and assign as applicable, the Collateral (hereinafter defined) to Secured Party, as herein provided.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged and agreed, the parties hereto agree as follows:

1. **Security Interest**. To secure the payment and the performance of the Secured Obligations (hereinafter defined), Pledgor hereby pledges, assigns and grants to Secured Party a first priority security interest and lien in all of the following (collectively, the "***Collateral***"): (a) the cryptocurrency or other digital assets set forth on Schedule A (as the same may be updated from time to time); and (b) the proceeds of all of the foregoing.

2. **Secured Obligations**. "***Secured Obligations***" means, in each case, whether now in existence or hereafter arising: (a) all payment obligations and any applicable interest thereon (including interest accruing after the filing of any bankruptcy or similar petition) and (b) all other fees and commissions (including attorneys' fees in connection with Secured Party's enforcement or protection of its rights under the Master Agreement or any Loan Document), charges, indebtedness, loans, liabilities, financial accommodations, obligations, covenants and duties, in each case owing by Pledgor to Secured Party under the Master Agreement and any Loan Document, and whether or not evidenced by any note and including interest and fees that accrue after the commencement by or against Pledgor of any proceeding under any bankruptcy or insolvency law or other similar law affecting creditors' rights, naming Pledgor as the debtor in such proceeding, including fees, indemnification obligations, expenses or otherwise, and all costs and expenses of administering or maintaining the Collateral and of enforcing the rights of Secured Party hereunder and under the Master Agreement and the other Loan Documents.

3. **Pledgor's Warranties**. Pledgor represents and warrants to Secured Party as follows:

(a) Pledgor owns the Collateral, all of which has been duly and validly issued, are fully paid and non-assessable. None of the Collateral is certificated. Pledgor owns all Collateral free and clear from any set-off, claim, restriction, lien, security interest or encumbrance, except the security interest hereunder and the vesting provisions to which the Collateral is subject, and has full power and authority to grant to Secured Party the security interest in such Collateral pursuant hereto. The execution, delivery and performance by Pledgor of this Agreement have been duly and validly authorized by all necessary company action, and this Agreement constitutes a legal, valid, and binding obligation of Pledgor and creates a security interest which is enforceable against Pledgor in all now owned and hereafter acquired Collateral, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity.

(b) Neither the execution and delivery by Pledgor of this Agreement, the creation and perfection of the security interest in the Collateral granted hereunder, nor compliance with the terms and provisions hereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on Pledgor or any contracts or agreements to which Pledgor is a party or is subject, or by which Pledgor, or its property, is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any lien pursuant to the terms of any such contract or agreement (other than any lien of Secured Party). There is no litigation, investigation or governmental proceeding threatened against Pledgor or any of its properties which if adversely determined would result in a material adverse effect on the Collateral or Pledgor.

(c) The Collateral has not been financed by the Secured Party or its affiliates.

4. **Pledgor's Covenants.** Until full payment and performance of all of the Secured Obligations:

(a) Secured Obligations and this Agreement. Pledgor shall perform all of its agreements herein, in the Master Agreement and in the other Loan Documents.

(b) Pledgor Remains Liable. Notwithstanding anything to the contrary contained herein, (i) Pledgor shall remain liable under the contracts and agreements included in the Collateral, if any, to the extent set forth therein to perform all duties and obligations thereunder to the same extent as if this Agreement had not been executed; (ii) the exercise by Secured Party of any of its rights hereunder shall not release Pledgor from any of its duties or obligations under the contracts and agreements included in the Collateral, if any; and (iii) Secured Party shall not have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement, nor shall Secured Party be obligated to perform any of the obligations or duties of Pledgor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

(c) Collateral. The security interest in the Collateral granted pursuant to this Agreement is a valid and binding first priority security interest in the Collateral subject to no other liens or security interests, and Pledgor shall keep the Collateral free from all liens and security interests, except those for taxes not yet due and payable and the security interest hereby created. Pledgor shall defend the Collateral against all claims and demands of all persons at any time claiming any interest therein adverse to Secured Party. Secured Party acknowledges that the Collateral is subject to vesting provisions and agrees that any restrictions related to such vesting provisions are not a breach by Pledgor of any obligation under this Agreement or any Loan Document.

(d) Secured Party's Costs. Pledgor shall pay all costs necessary to obtain, preserve, perfect, defend and enforce the security interest created by this Agreement (including the preparation of this Agreement), collect the Secured Obligations, and preserve, defend, enforce and collect the Collateral, including but not limited to payment of taxes, assessments, reasonable attorney's fees, legal expenses and expenses of sales. Whether the Collateral is or is not in Secured Party's possession, and without any obligation to do so and without waiving Pledgor's default for failure to make any such payment, Secured Party, at its option, may pay any such costs and expenses and discharge encumbrances on the Collateral, and such payments shall be a part of the Secured Obligations and bear interest at the rate set for the Secured Obligations. Pledgor agrees to reimburse Secured Party on demand for any costs so incurred.

(e) Financing Statements. No financing statement, register of mortgages, charges and other encumbrances or similar document covering the Collateral or any part thereof is or shall be maintained at the registered office of Pledgor or on file in any public office (except in favor of

Secured Party), and Pledgor will, at the request of Secured Party, join the Secured Party in (i) filing one or more financing statements pursuant to the UCC (as defined below) naming Secured Party as secured party, and/or (ii) executing and/or filing such other documents required under the laws of all jurisdictions necessary or appropriate in the judgment of Secured Party to obtain, maintain and perfect its first priority security interest in, and lien on, the Collateral.

(f) Information. Pledgor shall promptly furnish Secured Party any information with respect to the Collateral requested by Secured Party.

(g) Notice of Changes. Pledgor is Three Arrows Capital Ltd with its principal place of business and chief executive office located at 7 Temasek Boulevard #21-04, Singapore 038987. Pledgor shall promptly (and in any event at least fifteen (15) Business Days prior) notify Secured Party in writing of (i) any change in his legal name, address, or jurisdiction of formation or (ii) a change in any matter warranted or represented by Pledgor in this Agreement.

(h) Possession of Collateral. Pledgor shall deliver all investment securities and other instruments and documents which are a part of the Collateral to Secured Party promptly, or if hereafter acquired, promptly following acquisition, in a form suitable for transfer by delivery or accompanied by duly executed instruments of transfer or assignment in blank with signatures appropriately guaranteed in form and substance suitable to Secured Party.

(i) Voting Rights. After the occurrence of an Event of Default, Secured Party is entitled to exercise all voting rights pertaining to any Collateral. Prior to the occurrence of an Event of Default, Pledgor may vote the Collateral, *provided, however*, that no vote shall be cast or consent, waiver, or ratification given or action taken without the prior written consent of Secured Party which would (i) be inconsistent with or violate any provision of this Agreement or any other Loan Document or (ii) amend, modify, or waive any term, provision or condition of any charter document, or other agreement relating to, evidencing, providing for the issuance of, or securing any Collateral, except to the extent any such amendment, modification or waiver would not be reasonably likely to have an adverse effect on Secured Party. If an Event of Default occurs and if Secured Party elects to exercise such right, the right to vote any pledged securities shall be vested exclusively in Secured Party. To this end, Pledgor hereby irrevocably constitutes and appoints Secured Party the proxy and attorney-in-fact of Pledgor, with full power of substitution, to vote, and to act with respect to, any and all Collateral standing in the name of Pledgor or with respect to which Pledgor is entitled to vote and act, subject to the understanding that such proxy may not be exercised unless an Event of Default has occurred. The proxy herein granted is coupled with an interest, is irrevocable, and shall continue until the Secured Obligations have been paid and performed in full or the Event of Default has been cured or waived, whichever comes first.

(j) Other Parties and Other Collateral. No renewal or extensions of or any other indulgence with respect to the Secured Obligations or any part thereof, no modification of the document(s) evidencing the Secured Obligations, no release of any security, no release of any person (including any maker, indorser, guarantor or surety) liable on the Secured Obligations, no delay in enforcement of payment, and no delay or omission or lack of diligence or care in exercising any right or power with respect to the Secured Obligations or any security therefor or guaranty thereof or under this Agreement shall in any manner impair or affect the rights of Secured Party under any law, hereunder, or under any other agreement pertaining to the Collateral. Secured Party need not file suit or assert a claim for personal judgment against any person for any part of the Secured Obligations or seek to realize upon any other security for the Secured Obligations, before foreclosing or otherwise realizing upon the Collateral.

(k) Waivers by Pledgor. Pledgor waives notice of the creation, advance, increase, existence, extension or renewal of, and of any indulgence with respect to, the Secured Obligations; waives notice of any change in financial condition of any person liable for the Secured Obligations or any part thereof, notice of any Event of Default, and all other notices respecting the Secured Obligations; and agrees that maturity of the Secured Obligations and any part thereof may, be accelerated, extended or renewed only in accordance with the Master Agreement. Pledgor waives any right to require that any action be brought against any other person or to require that resort be had to any other security or to any balance of any deposit account. Pledgor further waives any right of subrogation or to enforce any right of action against any other pledgor until the Secured Obligations are paid in full.

(l) Further Assurances. Pledgor agrees that, from time to time upon the written request of Secured Party, Pledgor will execute and deliver such further documents (including, without limitation, the delivery of a Pledge Supplement in the form of Exhibit A with respect to any additional Collateral and a control agreement with respect to the Collateral) and diligently perform such other acts and things in any jurisdiction (including, without limitation, Singapore) as Secured Party may reasonably request to fully effect the purposes of this Agreement, to further assure the first priority status of the Lien granted pursuant hereto or to enable Secured Party to exercise or enforce its rights under this Agreement or under the Master Agreement with respect to the Collateral or the collateral posted under the Master Agreement.

5. **Power of Attorney**. Pledgor hereby irrevocably constitutes and appoints Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the name of Pledgor or in its own name, to take after the occurrence of an Event of Default and from time to time thereafter, any and all action and to execute any and all documents and instruments which Secured Party at any time and from time to time deems necessary or desirable to accomplish the purposes of this Agreement, including, without limitation, selling, in the manner set forth herein, any of the Collateral on behalf of Pledgor as agent or attorney in fact for Pledgor and applying the proceeds received therefrom in Secured Party's discretion; *provided, however*, nothing in this paragraph shall be construed to obligate Secured Party to take any action hereunder nor shall Secured Party be liable to Pledgor for failure to take any action hereunder and, upon request, Secured Party shall promptly furnish Pledgor with a written summary of all sales hereunder. This appointment shall be deemed a power coupled with an interest, is irrevocable, and shall continue until the Secured Obligations have been paid and performed in full or the Event of Default has been cured or waived, whichever comes first.

6. **Rights and Powers of Secured Party**. Upon the occurrence of an Event of Default, Secured Party, without liability to Pledgor, may: vote the Collateral; take control of proceeds, including stock received as dividends or by reason of stock splits; take control of funds generated by the Collateral, such as cash dividends, interest and proceeds, and use same to reduce any part of the Secured Obligations and exercise all other rights which an owner of such Collateral may exercise; and, at any time, transfer any of the Collateral or evidence thereof into its own name or that of its nominee. Secured Party shall not be liable for failure to collect any account or instruments, or for any act or omission on the part of Secured Party, its officers, agents or employees, except for any act or omission arising out of their own willful misconduct or fraud. The foregoing rights and powers of Secured Party will be in addition to, and not a limitation upon, any rights and powers of Secured Party given by law, elsewhere in this Agreement, or otherwise.

7. **Default.**

(a) Event of Default. As used herein, "***Event of Default***" means any "Event of Default" under the Master Agreement with respect to which Pledgor is the Defaulting Party.

(b) Rights and Remedies. If any Event of Default occurs, in each and every such case, Secured Party may, without (i) presentment, demand, or protest, (ii) notice of default, dishonor, demand, non-payment, or protest, (iii) notice of intent to accelerate all or any part of the Secured Obligations, (iv) notice of acceleration of all or any part of the Secured Obligations, or (v) notice of any other kind, all of which Pledgor hereby expressly waives (except for any notice required under this Agreement, any other Loan Document, or which may not be waived under applicable law), at any time thereafter exercise and/or enforce any of the following rights and remedies, at Secured Party's option:

(i) *Acceleration*. The Secured Obligations under the Master Agreement and the other Loan Documents shall, at Secured Party's option, become immediately due and payable, and the obligation, if any, of Secured Party to permit further borrowings under the Master Agreement shall, at Secured Party's option, immediately cease and terminate.

(ii) *Liquidation of Collateral*. Sell, or instruct any agent or broker to sell, all or any part of the Collateral in a public or private sale, direct any agent or broker to liquidate all or any part of any account and deliver all proceeds thereof to Secured Party, and apply all proceeds to the payment of any or all of the Secured Obligations in such order and manner as Secured Party shall, in its discretion, choose.

(iii) *Uniform Commercial Code*. All of the rights, powers and remedies of a secured creditor under the Uniform Commercial Code ("***UCC***") as the same may, from time to time, be in effect in the State of New York, *provided*, *however*, in any event that, by reason of mandatory provisions of Law, any or all of the attachment, perfection or priority (or terms of similar import in any applicable jurisdiction) of Secured Party's security interest in any Collateral is governed by the Uniform Commercial Code (or other similar Law) as in effect in a jurisdiction (whether within or outside the United States) other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code (or other similar Law) as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority (or terms of similar import in such jurisdiction) and for purposes of definitions related to such provisions, and any and all rights and remedies available to it as a result of this Agreement or any other Loan Document, including, without limitation, the right, to the maximum extent permitted by law, to exercise all voting, consensual and other powers of ownership pertaining to the Collateral (including, without limitation, the right to sell, transfer, pledge or redeem any and all of the Collateral, which right shall be exercised in a commercially reasonable manner) as if Secured Party was the sole and absolute owner thereof (and Pledgor agrees to take all such action as may be appropriate to give effect to such right).

Pledgor specifically understands and agrees that any sale by Secured Party of all or any part of the Collateral pursuant to the terms of this Agreement may be effected by Secured Party at times and in manners which could result in the proceeds of such sale being significantly and materially less than what might have been received if such sale had occurred at different times or in different manners, and Pledgor hereby releases Secured Party and its officers and representatives from any and all obligations and liabilities arising out of or related to the timing or manner of any such sale; provided, however, that any such sale shall be conducted in a commercially reasonable manner. If, in the opinion of Secured Party, there is any question that a public sale or distribution of any Collateral will violate any state or federal securities law, Secured Party may offer and sell such Collateral in a transaction exempt from registration under federal securities law, and any such sale made in good faith by Secured Party shall be deemed "commercially reasonable." Furthermore, Pledgor acknowledges that any such restricted or private sales may be at prices and on terms less favorable to Pledgor than those obtainable through a public sale without such restrictions, but agrees that such sales are commercially reasonable. Pledgor further acknowledges that any specific disclaimer of

any warranty of title or the like by Secured Party will not be considered to adversely affect the commercial reasonableness of any sale of Collateral. Any notice made shall be deemed reasonable if sent to Pledgor at the address set forth in ***Article XIV*** of the Master Agreement at least ten (10) days prior to (i) the date of any public sale or (ii) the time after which any private sale or other disposition may be made.

Secured Party's duty of care with respect to Collateral in its possession (as imposed by law) shall be deemed fulfilled if it exercises reasonable care in physically safekeeping such Collateral or, in the case of Collateral in the custody or possession of a bailee or other third party, exercises reasonable care in the selection of the bailee or other third party, and the Secured Party need not otherwise preserve, protect, insure or care for any Collateral. Secured Party shall not be obligated to preserve any rights Pledgor may have against prior parties, to realize on the Collateral at all or in any particular manner or order, or to apply any cash proceeds of Collateral in any particular order of application.

(iv) *Deficiencies*. If any Secured Obligations remain after the application of the proceeds of the Collateral, Secured Party may continue to enforce its remedies under this Agreement or the other Loan Documents to collect the deficiency.

(v) *Excess*. Not in limitation of any of Secured Party's rights hereunder, under the Loan Documents or under applicable law, if the proceeds of the Collateral exceed the amount of the Secured Obligations (any such exceeds, the "***Excess Proceeds***"), the Excess Proceeds will be delivered to Pledgor in accordance with the terms of the Master Agreement.

8. **General.**

(a) Parties Bound. Secured Party's rights hereunder shall inure to the benefit of its successors and assigns, and in the event of any assignment or transfer of any of the Secured Obligations or the Collateral, Secured Party thereafter shall be fully discharged from any responsibility with respect to the Collateral so assigned or transferred, but Secured Party shall retain all rights and powers hereby given with respect to any of the Secured Obligations or the Collateral not so assigned or transferred. Secured Party may assign all or a portion of its rights and obligations under this Agreement only in connection with the assignment of its rights and obligations under the Master Agreement in circumstances permitted by the Master Agreement. Pledgor may not assign any of its rights and obligations under this Agreement to any person or entity without the prior written consent of Secured Party. All representations, warranties and agreements of Pledgor shall be binding upon the personal representatives, heirs, successors and assigns of Pledgor.

(b) Discretion by Secured Party. Any determinations made by Secured Party shall be made, in each case, in its sole discretion exercised in good faith unless otherwise stated herein.

(c) Termination. This Agreement shall remain in full force and effect until all of the Secured Obligations and any other amounts payable hereunder are indefeasibly paid and performed in full and the Loan Documents are terminated.

(d) Waiver. No delay of Secured Party in exercising any power or right shall operate as a waiver thereof, nor shall any single or partial exercise of any power or right preclude other or further exercise thereof or the exercise of any other power or right. No waiver by Secured Party of any right hereunder or of any default by Pledgor shall be binding upon Secured Party unless in writing, and no failure by Secured Party to exercise any power or right hereunder or waiver of any default by Pledgor shall operate as a waiver of any other or further exercise of such right or power or of any further default. Each right, power and remedy of Secured Party as provided for herein related to the Secured Obligations, or which shall now or hereafter exist at law or in equity or by statute or otherwise, shall be cumulative and concurrent and shall be in addition to every other such

right, power or remedy. The exercise or beginning of the exercise by Secured Party of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by Secured Party of any or all other such rights, powers or remedies.

(e) Notice. All notices and other communications to Pledgor under this Agreement shall be in writing and shall be delivered in accordance with ***Article XIV*** of the Master Agreement to Pledgor at its address set forth in ***Article XIV*** of the Master Agreement or at such other address in the United States as may be specified by Pledgor in a written notice delivered to Lender at such office as Lender may designate for such purpose from time to time in a written notice to Pledgor.

(f) Modifications. No provision hereof shall be modified or limited except by a written agreement expressly referring hereto and to the provisions so modified or limited and signed by Pledgor and Secured Party. The provisions of this Agreement shall not be modified or limited by course of conduct or usage of trade.

(g) Severability. In case any provision in this Agreement shall be held to be invalid, illegal or unenforceable, such provision shall be severable from the rest of this Agreement, as the case may be, and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(h) Applicable Law. This Agreement is a "Loan Document" with respect to Pledgor for purposes of, and is entered into in connection with, the Master Agreement, and shall be governed by, construed and interpreted in accordance with the governing law set forth in ***Article XIII*** of the Master Agreement.

(i) Financing Statement. Pledgor hereby irrevocably authorizes Secured Party (or its designee) at any time and from time to time to file in any jurisdiction any financing or continuation statement and amendment thereto or any registration of charge, mortgage or otherwise, containing any information required under the UCC or the Law of any other applicable jurisdiction, necessary or appropriate in the judgment of Secured Party to perfect or evidence its first priority security interest in and lien on the Collateral. Pledgor hereby irrevocably ratifies and approves any such filing, registration or recordation in any jurisdiction by Secured Party (or its designee) that has occurred prior to the date hereof, of any financing statement, registration of charge, mortgage or otherwise. Pledgor agrees to provide to the Secured Party (or its designees) any and all information required under the UCC or the law of any other applicable jurisdiction for the effective filing of a financing statement and/or any amendment thereto or any registration of charge, mortgage or otherwise.

(j) Release of Security Interest Upon Satisfaction of Master Agreement Obligations. Upon the termination of all Loans (as defined under the Master Agreement) for which the Collateral (as defined herein) is pledged, pursuant to the terms of the Master Agreement and full and final satisfaction of all obligations under the Master Agreement (except for those obligation that expressly survive termination of the Loans), the parties irrevocably agree that (i) the security interest, lien, pledge, and assignment of the Collateral hereunder, together with all rights and powers of the Secured Party hereunder, shall immediately be deemed to be void and (ii) the Secured Party shall immediately return to the Pledgor all Collateral in its possession or control.

(k) **NOTICE OF FINAL AGREEMENT. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES HERETO RELATING TO THE SUBJECT MATTER HEREOF AND SUPERSEDES ANY AND ALL PREVIOUS AGREEMENTS AND UNDERSTANDINGS, ORAL OR WRITTEN, BETWEEN THE PARTIES HERETO RELATING TO THE SUBJECT MATTER HEREOF.**

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives as of the date first above written.

PLEDGOR:

THREE ARROWS CAPITAL LTD

DocuSigned by:
By: Kyle Davies
15665D33A144445...
Name: Kyle Davies
Title: Director

SECURED PARTY:

GENESIS ASIA PACIFIC PTE LTD

DocuSigned by:
By: Arianna Pretto-Sakmann
77A200507D6D40F...
Name: Arianna Pretto-Sakmann
Title: Director

Schedule A

CRYPTOCURRENCY OR OTHER DIGITAL ASSETS

2,739,043.83 AVAX tokens located at the following wallet address:
avax1flenwaa6k5tu68havtarz92qcpfzta6hem4nxg

13,583,265 NEAR tokens with the following wallet address:
6dd346cdb8a2c9a6b8ceb2f959d7725e1b62b4778fe77997bfa330f1491d02ba

Exhibit A

Pledge Supplement

PLEDGE SUPPLEMENT

THIS PLEDGE SUPPLEMENT (as amended, amended and restated, supplemented or otherwise modified from time to time, this "***Supplement***"), dated as of [ ], 20[__], is made by **THREE ARROWS CAPITAL LTD** (the "***Pledgor***"), in favor of **GENESIS ASIA PCIFIC PTE. LTD.** (the "***Secured Party***"). All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Pledge Agreement (as defined below).

WHEREAS, the Pledgor is required under the terms of that certain Pledge Agreement dated as of January [_], 2022, executed by the Pledgor, in favor of the Secured Party (as from time to time amended, restated, supplemented or otherwise modified from time to time, the "***Pledge Agreement***"), to cause certain [_] held by it and listed on Supplemental Schedule A attached to this Supplement (the "***Additional Interests***") to be specifically identified as subject to the Pledge Agreement; and

WHEREAS, the Pledgor has acquired rights in the Additional Interests and desires to evidence its prior pledge to the Secured Party of the Additional Interests in accordance with the terms of the Master Agreement and the Pledge Agreement;

NOW, THEREFORE, in order to induce the Agent and Lenders to maintain the loans advanced pursuant to the Master Agreement, the Pledgor hereby agrees as follows with the Agent:

1. Affirmations.

(a) The Pledgor hereby reaffirms and acknowledges the pledge and collateral assignment to, and the grant of security interest in, the Additional Interests contained in the Pledge Agreement and pledges and collaterally assigns to the Secured Party a first priority lien and security interest, to secure the performance of all Secured Obligations in (a) the Additional Interests and (b) all proceeds of any of the foregoing.

(b) The Pledgor hereby acknowledges, agrees and confirms by its execution of this Supplement that the Additional Interests are subject to the Pledge Agreement, and the items of property referred to in clauses (a) and (b) above (the "***Additional Collateral***") shall collectively constitute "Collateral" under and are subject to the Pledge Agreement. Each of the representations and warranties with respect to the Collateral contained in the Pledge Agreement is hereby made by the Pledgor with respect to the Additional Interests and the Additional Collateral, respectively. Attached to this Supplement is a duly completed Supplemental Schedule A (the "***Supplemental Schedule***") supplementing as indicated thereon Schedule A to the Pledge Agreement. The Pledgor represents and warrants that the information contained on the Supplemental Schedule with respect to such Additional Interests is true, complete and accurate as of the date of its execution of this Supplement.

2. Miscellaneous. Section 8 of the Pledge Agreement is hereby incorporated *mutatis mutandi* in this Agreement as if fully set forth herein.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the Pledgor has caused this Supplement to be duly executed by its authorized officer as of the day and year first above written.

PLEDGOR:

THREE ARROWS CAPITAL LTD

By: _____

Name:

Title:

Accepted:

GENESIS ASIA PACIFIC PTE. LTD.

By: _____

Name:

Title:

SUPPLEMENTAL SCHEDULE A

ADDITIONAL COLLATERAL

Pledgor	Collateral

Exhibit 10

AMENDMENT TO MASTER LOANAGREEMENT

This Amendment to Master Loan Agreement (the "Amendment") dated January 27, 2022 ("Effective Date") by and between Genesis Asia Pacific Pte. Ltd. ("Genesis" or "Lender"), a private limited company organized and existing under the laws of Singapore with its principal place of business at 3 Fraser Street #05-25 Duo Tower, Singapore 189352 and Three Arrows Capital Ltd. ("Counterparty" or "Borrower") a corporation organized and existing under the laws of Singapore with its principal place of business at 7 Temasek Boulevard #21-04 Singapore, Singapore 03987.

RECITALS

WHEREAS, Genesis Global Capital LLC and Counterparty are parties to that certain Master Loan Agreement dated as of January 10, 2019 (the "Lending Agreement"), which provides the terms and conditions pursuant to which Genesis or Counterparty (together as "Parties" or each a "Party") may, from time to time, seek to initiate a transaction pursuant to which one Counterparty will borrow Digital Currency or U.S. Dollars from the Genesis;

WHEREAS, Genesis and Counterparty entered into that certain Assignment and Assumption of MLA dated as of July 20, 2020 (the "Assignment Agreement"), which provides assignment from Genesis Global Capital, LLC to Genesis where Genesis assumes all obligations under the Lending Agreement;

WHEREAS, Lending Agreement and Assignment Agreement shall be referenced as MLA under this Amendment; and

WHEREAS, Genesis and Counterparty desire to amend the terms of the MLA as further provided herein.

NOW, THEREFORE, Genesis and Counterparty hereby agree as follows:

1. Defined Terms. All capitalized terms used in this Amendment and not otherwise defined shall have the meanings ascribed to them in the MLA.

2. Amendments.

   a. Section I. Definitions of the MLA is hereby amended by insertion the following new definitions in alphabetical order:

      " "***Pledge Agreement***" means Pledge Agreement between Three Arrows Capital Ltd. as Pledgor and Genesis Asia Pacific Pte. Ltd. as Secured Party dated January 27, 2022.

      "***Pledged Collateral***" means Collateral pledged by Borrower to Lender as set forth on Schedule A of the Pledge Agreement giving Lender a first priority security interest and lien."

   b. MLA is hereby amended in its entirety to include the following section after Section XXVI:

      "XXVII. Pledge Agreement.

      The Borrower, irrevocable subject to the terms and conditions under the Pledge Agreement guarantees to the Lender that if Borrower fails to meet its obligations to Lender under this Agreement, then the Pledged Collateral shall be taken into Lender's possession as they are identified as Collateral under this Agreement. The Pledged Collateral shall be held in a treasury address pursuant to the Pledge Agreement and shall be released to the Lender before the end of Business Day when the Pledged Collateral is released. If the Pledged Collateral, for any reason, does not get dispersed to the Lender by Borrower or Borrower is prevented by third party to disperse the Pledged Collateral, the Borrower shall be

responsible for providing alternative Collateral under this Agreement or payment for outstanding Loan Balance to the Lender."

3. Definitions. As used in this Amendment, capitalized terms used but not otherwise defined in this Amendment shall have the meanings ascribed to them in the MLA unless the context otherwise requires.

4. Representations. Parties each represent to the other that all representations made by such party in the MLA, as amended pursuant to this Amendment, are true and accurate as of the date of this Amendment.

5. Continuity. The provisions of the MLA shall, save as amended in this Amendment, continue in full force and effect, and shall be read and construed as one document with this Amendment.

6. Entire Agreement. This Amendment, together with the MLA referenced herein, constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communications and prior writings (except as otherwise provided herein) with respect thereto. Except for any amendment to the MLA made pursuant to this Amendment, all terms and conditions of the MLA will continue in full force and effect in accordance with its provisions on the date of this Amendment.

7. Counterparts. This Amendment may be executed in counterparts, each of which shall, when executed, be deemed to be one and the same instrument. Delivery of an executed counterpart hereof by facsimile, pdf, or other electronic transmission shall be deemed equivalent to delivery of a manually executed counterpart. This Amendment may be executed via electronic signature and such signature shall be deemed an original for all purposes.

8. Governing Law. The governing law and jurisdiction of the MLA shall apply to this Amendment.

9. Headings. The headings used in this Amendment are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Amendment.

[*Signature page follows.*]

IN WITNESS WHEREOF the Parties have executed and delivered this Amendment as of the Effective Date with effect from the date specified on the first page of this Amendment.

Three Arrows Capital Ltd.

By: DocuSigned by: Kyle Davies 15665D33A144445...

Name: Kyle Davies

Title: Director

Genesis Asia Pacific Pte. Ltd.

By: DocuSigned by: Arianna Pretto-Sakmann 77A200507D6D40F...

Name: Arianna Pretto-Sakmann

Title: Director

Exhibit 11

From: Sujal Gandhi <sujal@genesiscap.co> on behalf of Risk <risk@genesiscap.co>
Sent: Sunday, June 12, 2022 11:47 PM
To: Ningxin Zhang; TAC Operations; Kyle Davies
Cc: GGC Operations; Risk; Matthew Ballensweig | Genesis Cap
Subject: Genesis Capital Margin Call => 6/12/2022 (Three Arrows Capital)

Hi Team,

Genesis loans have reached margin refill threshold – seeing a margin call for $189,259,615. Can you please let us know how you would like to satisfy the call?

Thanks,

Sujal Gandhi
Credit Risk Associate
Genesis Trading / Genesis Capital
917.434.2657
Telegram: @Sujal_Genesis

Exhibit 12

From: Nebiyou Getahun <NGetahun@genesistrading.com>
Sent: Monday, June 13, 2022 3:30 PM
To: Andrew Sullivan
Subject: FW: Genesis Capital Margin Call => 6/12/2022 (Three Arrows Capital) - 2nd Notice

From: Sujal Gandhi <sujal@genesiscap.co>
Sent: Monday, June 13, 2022 3:29 PM
To: Nebiyou Getahun <NGetahun@genesistrading.com>
Subject: FW: Genesis Capital Margin Call => 6/12/2022 (Three Arrows Capital) - 2nd Notice

Sujal Gandhi
Credit Risk Associate
Genesis Trading / Genesis Capital
917.434.2657
Telegram: @Sujal_Genesis

From: Sujal Gandhi **On Behalf Of** Risk
Sent: Monday, June 13, 2022 11:34 AM
To: Kyle Davies <kyle@threearrowscap.com>; Ningxin Zhang <nxzhang@threearrowscap.com>; TAC Operations <operations@threearrowscap.com>
Cc: GGC Operations <Operations@genesiscap.co>; Matthew Ballensweig | Genesis Cap <Matt@genesiscap.co>; Adim Offurum <adim@genesiscap.co>
Subject: RE: Genesis Capital Margin Call => 6/12/2022 (Three Arrows Capital) - 2nd Notice

Hi Team,

Sending out an updated second notice and refreshing calcs here given recent market movements. The updated margin call amount is **$354,546,337.**

Counterparty	Three Arrows Capital
Collateral Value	1,622,430,254.87
Loan Value	2,361,341,611.64
Collateralization Level	68.71%
Margin Call Level	76.00%
Collateralization Requirement	84.00%
Addt'l Collateral Requirement ($)	354,546,337

Thank you,

Sujal Gandhi
Credit Risk Associate
Genesis Trading / Genesis Capital
917.434.2657
Telegram: @Sujal_Genesis

From: Adim Offurum <adim@genesiscap.co> **On Behalf Of** Risk
Sent: Monday, June 13, 2022 5:55 AM
To: Kyle Davies <kyle@threearrowscap.com>; Ningxin Zhang <nxzhang@threearrowscap.com>; TAC Operations <operations@threearrowscap.com>
Cc: GGC Operations <Operations@genesiscap.co>; Risk <risk@genesiscap.co>; Matthew Ballensweig | Genesis Cap <Matt@genesiscap.co>
Subject: RE: Genesis Capital Margin Call => 6/12/2022 (Three Arrows Capital) - 2nd Notice

Thank you, Kyle.

As indicated earlier, Genesis loans remain below the margin refill threshold. The updated margin call amount is $290,443,060. Please advise and/or acknowledge when you have a moment.

Regards

Adim Offurum
Vice President, Credit Risk
Genesis Trading | Genesis Capital
+1 929.284.0983
Telegram: @Adim_Genesis

From: Kyle Davies <kyle@threearrowscap.com>
Sent: Monday, June 13, 2022 12:13 AM
To: Risk <risk@genesiscap.co>; Ningxin Zhang <nxzhang@threearrowscap.com>; TAC Operations <operations@threearrowscap.com>
Cc: GGC Operations <Operations@genesiscap.co>; Risk <risk@genesiscap.co>; Matthew Ballensweig | Genesis Cap <Matt@genesiscap.co>
Subject: Re: Genesis Capital Margin Call => 6/12/2022 (Three Arrows Capital)

[EXTERNAL]

Acknowledged

_____
Kyle DAVIES

Three Arrows Capital
kyle@threearrowscap.com

From: Sujal Gandhi <sujal@genesiscap.co> on behalf of Risk <risk@genesiscap.co>
Sent: Monday, June 13, 2022 11:47:27 AM
To: Ningxin Zhang <nxzhang@threearrowscap.com>; TAC Operations <operations@threearrowscap.com>; Kyle Davies

<kyle@threearrowscap.com>
Cc: GGC Operations <Operations@genesiscap.co>; Risk <risk@genesiscap.co>; Matthew Ballensweig | Genesis Cap <Matt@genesiscap.co>
Subject: Genesis Capital Margin Call => 6/12/2022 (Three Arrows Capital)

Hi Team,

Genesis loans have reached margin refill threshold – seeing a margin call for $189,259,615. Can you please let us know how you would like to satisfy the call?

Thanks,

Sujal Gandhi
Credit Risk Associate
Genesis Trading / Genesis Capital
917.434.2657
Telegram: @Sujal_Genesis

Exhibit 13

June 13, 2022

VIA EMAIL

Three Arrows Capital Ltd
7 Temasek Boulevard #21-04
Singapore, Singapore 038987
Attn: Kyle Davis, Su Zhu
Kyle@threearrowscap.com
su.zhu@threearrowscap.com

RE: NOTICE OF DEFAULT

Mr. Davies, Mr. Zhu

Reference is made to the Master Loan Agreement dated January 10, 2019 (the "2019 MLA") between Genesis Global Capital, LLC ("Genesis Capital") and Three Arrows Capital Ltd ("Three Arrows"), subsequently assigned to Genesis Asia Pacific PTE. LTD. ("Genesis Asia Pacific") and the Master Loan Agreement dated January 24, 2020 (the "2020 MLA") between Genesis Asia Pacific and Three Arrows (the "2020 MLA", and with 2019 MLA, together considered, the "MLAs". All defined terms used herein shall have the meanings ascribed to them in the MLAs.

By this letter, Genesis Capital and Genesis Asia Pacific (together considered, "Genesis") notify you that Three Arrows is in breach of its obligations under Section IV(c) of both MLAs to contribute US$334,295,523 in Additional Collateral to Genesis. Such breach constitutes an Event of Default under both MLAs.

You are further notified that in light of Three Arrows' breach, Genesis shall be entitled to exercise its rights under the MLAs, including but not limited to the remedies listed in Section IX(a) of the MLAs. You are further advised that the entire Loan Balance outstanding for any Loan under the MLAs is now immediately due and payable.

Genesis reserves all rights in law and equity, including but not limited to the right under Section IX(d) of the MLAs to seek the difference between the amount of any replacement Digital Currency obtained pursuant to Sections IX(a)(3) and IX(a)(4) of the MLAs and the amount of the Collateral, plus interest thereon.

Sincerely

Arianna Pretto-Sakmann
Chief Legal Officer
Genesis Global Capital, LLC
Director
Genesis Asia Pacific PTE. LTD.

16 June 2022

Private & Confidential

BY EMAIL

For the Attention of:

Three Arrows Capital Limited

7 Suntec Tower One 038987,

21-04 Temasek Blvd, Singapore

For the Attention of: Kyle Livingston Davies

Email: kyle@threearrowscap.com

operations@threearrowscap.com

9 Straits View
Marina One West Tower
#09-09
Singapore 018937
UEN No. 201617698G

Tel +65 6223 7311
Fax +65 6224 5758
ascendantlegal.com

Direct line
+65 6309 5409 / +65 6309 5410 / +65 6309 5415

Email
kei-jin.chew@nortonrosefulbright.com
chiaming.lee@nortonrosefulbright.com
tyne.lam@nortonrosefulbright.com

Your reference	**Our reference**
	1001207843

Dear Sirs

Demand under the Guaranty dated 9 June 2022 between Three Arrows Capital Limited and Mirana Corp.

1 We act for Mirana Corp. in the above matter.

2 We refer to:

(a) the Guaranty dated 9 June 2022 made by Three Arrows Capital Limited (**Guarantor**) in favor and for the benefit of Mirana Corp (**Guaranty**);

(b) the Master Loan Agreement Dated 8 June 2022 (**MLA**) and the Loan Term Sheet dated 9 June 2022 (**Loan Term Sheet**) between Tai Ping Shan Limited (**Obligor**) and Mirana Corp. (**Beneficiary**) (as amended from time to time);

(c) The Notice of Default dated 14 June 2022 from the Beneficiary to the Obligor (with the Guarantor in copy) (**Notice of Default**); and

(d) The Notice of Termination dated 15 June 2022 from the Beneficiary to the Obligor (with the Guarantor in copy) (**Notice of Termination**).

3 Unless otherwise stated, this Demand adopts the terms and definitions in the Guaranty and MLA.

4 Notice is hereby given to the Guarantor that the Obligor is in breach of its primary obligations under the MLA in the circumstances set out below:

(a) On 12th June 2022 at 22:30pm, BTC reduced in value by more than 10% as indicated using the current spot rate on Coinbase Pro. Pursuant to Section IV(c) of the MLA, the Beneficiary as Lender has the right to require the Obligor to contribute Additional Collateral.

(b) On 13 June 2022 at 7:47AM Singapore time, pursuant to Section IV(c) of the MLA, the Beneficiary as Lender sent the First Notification to the Obligor requesting the Additional Collateral to be provided. According to Section IV(c) of the MLA, the Obligor had until 13 June 2022 at 7:47PM Singapore time to respond to the First Notification.

(c) On 13 June 2022 at 7:50PM Singapore time, pursuant to Section IV(c) of the MLA, the Beneficiary as Lender sent the Second Notification to the Borrower requesting Additional Collateral to be provided. According to Section IV(c) of the MLA, the Obligor had until 14 June 2022 at 1:48AM Singapore time to respond to the Second Notification.

(d) As at 14 June 2022 at 1:48AM Singapore time, in breach of Section IV(c) of the MLA read with the Loan Term Sheet, the Obligor failed to contribute Additional Collateral to meet the Collateral Level as indicated on the Loan Term Sheet.

(e) As at 14 June 2022 at 1:48AM Singapore time, the spot price of BTC on Coinbase pro was US$23,510 which indicated that the Margin Call was still effectively triggered. The Obligor's above breach of the MLA read with the Loan Term Sheet therefore constitutes an "*Event of Default*" pursuant to Section VIII(c) of the MLA.

(f) By a Notice of Default dated 14 June 2022, the Beneficiary informed the Obligor of the Event of Default occurring on 14 June 2022 at 1:48AM Singapore time as a result of failure by the Obligor to transfer Additional Collateral and reserved its rights.

(g) By a Notice of Termination dated 15 June 2022, the Beneficiary terminated the MLA and demanded that the Obligor and Guarantor immediately pay to the Beneficiary all outstanding amounts including interest and fees due and payable under the MLA.

(h) As of the date of this Demand, the Obligor has not paid to the Beneficiary any of the outstanding amounts including interest and fees due and payable under the MLA.

5 Pursuant to Section IX (3) of the MLA, on 14th June 2022, 23:04:00 pm the Beneficiary exercised its right to sell the Collateral and received the amount of US$37,098,062.97 at the execution cost of US$203.90.

6 Section 1 of the Guaranty provides as follows:

"*Guaranty. Guarantor hereby absolutely, unconditionally and irrevocably guarantees, as primary obligor and not merely as surety, the principal and premium, if any, and interest at the rate specified in the Underlying Agreement or its respective instruments and performance of all present and future obligations, liabilities, covenants and agreements required to be observed and performed or paid or reimbursed by Obligor under or relating to the Underlying Agreement, plus all costs, expenses and fees (including the reasonable fees and expenses of Beneficiary's counsel) in any way relating to the enforcement or protection of Beneficiary's rights hereunder (collectively, the "**Obligations**")*"

7 In the circumstances, the following sums are **immediately due and payable** by the Guarantor to the Beneficiary under the Guaranty, including the Early Termination Fee, other fees and interest due under the MLA read with the Loan Term Sheet:

US$ 13,062,418.07

(collectively, the **Demanded Sums**)

8 The Guarantor shall pay the Demanded Sums by transfer to the following digital currency address:

	Digital Currency Address
USDC	0x738505fa491c972a196582176685fc790d2bdda5

9 If the Guarantor does not make payment of the Demanded Sums within **18 hours from the time of receipt of this letter of demand** from the date of this Demand, the Beneficiary reserves its rights to commence legal proceedings against the Guarantor without further reference to the Guarantor.

10 All the Beneficiary's rights are reserved.

Yours faithfully

Ascendant Legal LLC

Ascendant Legal LLC
Enc

Cc: client

Jared M. Tully
Member
304.348.2404 (t)
304.345.0115 (f)
jtully@fbtlaw.com

June 17, 2022

Three Arrows Capital Ltd 7
Temasek Boulevard #21-04
Singapore, Singapore 038987
Attn: Su Zhu Email: operations@threearrowscap.com

Re: 210K Capital, LP Call Option

Dear Mr. Zhu and Operations Team:

I represent 210K Capital, LP ("210K"). As you know, 210K, on June 14, 2022 at 3:26 pm EDT, issued a Call Option when it requested to withdraw its remaining Bitcoin balance. This request followed the pattern and practice of 210K and Three Arrows throughout the course of the Master Loan Agreement, effective July 27, 2020. Traditionally, 210K has received their redemption within hours. However, on June 14, Three Arrows failed to respond at all—despite a follow up that same day and another follow up on June 16. As such, the Recall Request Day, as defined by the Master Loan Agreement was June 14, 2022, and Three Arrows has missed the Recall Delivery Day by at least one day.

While 210K fully complied, based upon the parties' pattern and practice with the Call Option it is now making a **second** request, via transmittal of this letter, pursuant to Section II(c)(ii) of the Master Loan Agreement, for immediate withdraw of 210k's remaining Bitcoin balance held by Three Arrows. To be clear, 210K demands 100% of its remaining balance: 67.43745958 BTC; 0.76355046 BTC plus any applicable interest earned since the attached statement.

Three Arrows refusal and failure to respond to 210K's Call Option represents an Event of Default, as defined by Sections VIII of the Master Loan Agreement. While 210K prefers to avoid invocation of its rights and remedies under Section IX of the Master Loan Agreement, it is prepared to do so and to pursue these remedies as well as other remedies at law available to it based upon Three Arrow's continuing breach of the Master Loan Agreement.

Please provide a response by midnight, June 17, 2022. If we do not hear from you, we will immediately pursue the remedies available to 210K.

Sincerely,

/s/ Jared M. Tully
Jared M. Tully

THREE ARROWS CAPITAL

TACL Lending Statement May 2022 - 210k Capital, LP

Date	Ccy	Loan outstanding	Rate	Payment Ccy	Interest
2022-05-01	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-02	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-03	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-04	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-05	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-06	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-07	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-08	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-09	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-10	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-11	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-12	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-13	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-14	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-15	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-16	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-17	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-18	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-19	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-20	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-21	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-22	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-23	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-24	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-25	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-26	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-27	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-28	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-29	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-30	BTC	67.43745958	4.50%	BTC	0.00831421
2022-05-31	BTC	67.43745958	4.50%	BTC	0.00831421

Total fee (BTC): 0.25774051

Outstanding loan amount (BTC): 67.69520009

THREE ARROWS CAPITAL

TACL Lending Statement May 2022 - 210k Capital, LP

Date	Ccy	Loan outstanding	Rate	Payment Ccy	Interest
2022-05-01	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-02	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-03	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-04	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-05	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-06	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-07	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-08	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-09	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-10	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-11	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-12	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-13	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-14	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-15	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-16	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-17	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-18	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-19	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-20	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-21	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-22	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-23	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-24	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-25	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-26	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-27	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-28	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-29	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-30	BTC	0.76355046	4.50%	BTC	0.00009414
2022-05-31	BTC	0.76355046	4.50%	BTC	0.00009414

Total fee (BTC): 0.00291834

Outstanding loan amount (BTC): 0.76646880

From: Kyle Davies
To: desmondong@solitairellp.com; nicholyeo@solitairellp.com; quabiqi@solitairellp.com
Subject: Fwd: Notice of Default on USDT Loan
Date: Friday, 17 June 2022 3:04:56 PM

Kyle DAVIES

Three Arrows Capital
kyle@threearrowscap.com

From: Trading Hashkey <trading@hashkey.com>
Sent: Friday, June 17, 2022 3:03:20 PM
To: TAC Operations <operations@threearrowscap.com>
Cc: Jacqueline To <jacqueline.to@hashkey.com>; Gerry Ifill <gerry.ifill@hashkey.com>
Subject: Notice of Default on USDT Loan

To Su,

We have failed to receive additional collateral transfers or any response from Three Arrows Capital Ltd. following our notifications for additional collateral issued on 13 and 14 June 2022. Pursuant to Clauses 4, 8 and 9 of our Master Loan Agreement dated 10 February 2020 (the "MLA"), BTC collateral of 69.21 has been liquidated for consideration of 1,555,803.92 USDT. This results in a principal shortfall claim of 444,196.08 USDT, in addition to applicable loan fees and late fees outstanding and accruing as stipulated in the MLA and loan term sheet dated 27 May 2022 (the "Term Sheet"). Pursuant to Clause 9 of the MLA we are hereby giving Three Arrows Capital Ltd notice that all amounts accrued or outstanding under the MLA are immediately due and payable.

Nothing in this e-mail shall constitute a waiver, or prejudice, diminish or otherwise adversely affect, any present or future rights or remedies we have against Three Arrows Capital Ltd arising in respect of or pursuant to the MLA or Term Sheet which shall continue to be enforceable. This e-mail is sent without prejudice to any rights against Three Arrows Capital Ltd which we may now or in the future have whether arising under the MLA or Term Sheet or as a matter of general law, which rights shall remain in full force and effect.

Please acknowledge receipt and keep us abreast of any updates on a resolution.

Regards,
Hashkey Trading

This e-mail may contain information that is confidential or protected from disclosure. If you are not an intended recipient of this e-mail, please delete and do not duplicate or redistribute it. Unless specifically indicated, this e-mail is not an offer nor a solicitation to buy or sell any securities, investment products or other financial product or service, an official confirmation of any transaction, nor an official statement of Three Arrows Capital Pte. Ltd. Please note that we reserve the right to review content of emails and instant messages passing through our IT systems. Calls may be recorded for quality and monitoring purposes. Please refer to our website at www.threearrowscap.com for any further Terms and Conditions

WongPartnership LLP
12 Marina Boulevard Level 28
Marina Bay Financial Centre Tower 3
Singapore 018982
T +65 6416 8000
wongpartnership.com

ASEAN | CHINA | MIDDLE EAST

Date: 20 June 2022

Three Arrows Capital Ltd.
7 Temasek Boulevard #21-04
Singapore 038987

Attn: Su Zhu / Kyle Davies

FROM
SRM/JCZZ/SBIC

f:+65 65325722
Not for service of court documents
Not for urgent correspondence

d:+65 6416 8129 / 6517 8707

e:smitha.menon@wongpartnership.com
joel.chng@wongpartnership.com

By Courier and Email

Email:operations@threearrowscap.com;
su.zhu@threearrowscap.com;
kyle@threearrowscap.com

Dear Sirs

DEMAND PURSUANT TO MASTER LOAN AGREEMENT DATED 5 MARCH 2021 BETWEEN SBI CRYPTO CO., LTD. AND THREE ARROWS CAPITAL LTD. ("MLA")

1. We act for SBI Crypto Co., Ltd. ("**SBIC**"). We refer to the MLA and adopt the definitions where necessary.

2. Pursuant to the MLA, SBIC had provided various Open Loans in Bitcoin ("**BTC**") to Three Arrows Capital Ltd. ("**3AC**") from time to time. Pursuant to Clause II(c) of the MLA, the Open Loans are liable to be repaid within two business days of SBIC demanding repayment of the Open Loans (or any part thereof) by 3AC.

3. As at 15 June 2022, the outstanding amounts owed to SBIC by 3AC are:

    a. Principal amount outstanding: 362.82191561 BTC
    b. Interest amount outstanding: 0.52186710 BTC

4. Interest continues to accrue under the MLA until SBIC receives full repayment of the outstanding amounts.

5. SBIC had issued a demand to 3AC on 15 June 2022, for the repayment of the amounts set out at paragraph 3 above. A copy of the said demand is enclosed for your reference.

6. To date, 3AC has neglected and/or refuse to pay the amounts demanded by SBIC.

7. 3AC's failure to make payment demanded by SBIC constitutes a material breach of the MLA. **TAKE NOTICE** that:

    a. SBIC hereby **DEMANDS** that the outstanding amounts be paid to SBIC forthwith without further delay.

    b. If the outstanding amounts are not paid to SBIC by **21 June 2022**, SBIC reserves the right to take further action under the MLA without further reference to 3AC.

8. All of SBIC's rights are reserved.

Yours faithfully

WONGPARTNERSHIP LLP

Encl.

cc: Client

On Wed, Jun 15, 2022, 19:15 Carson Smith <carson@sbicrypto.com> wrote:

Ninxin Zhang, Fung Wong, Tim Chan and 3AC Operations Team,

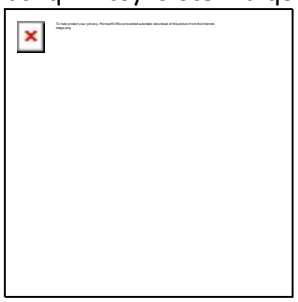
Please check below.
Based on recent balance statement received from you June 1,

Principal Balance: 362.82191561 BTC
Collateral: 506.69 ETH

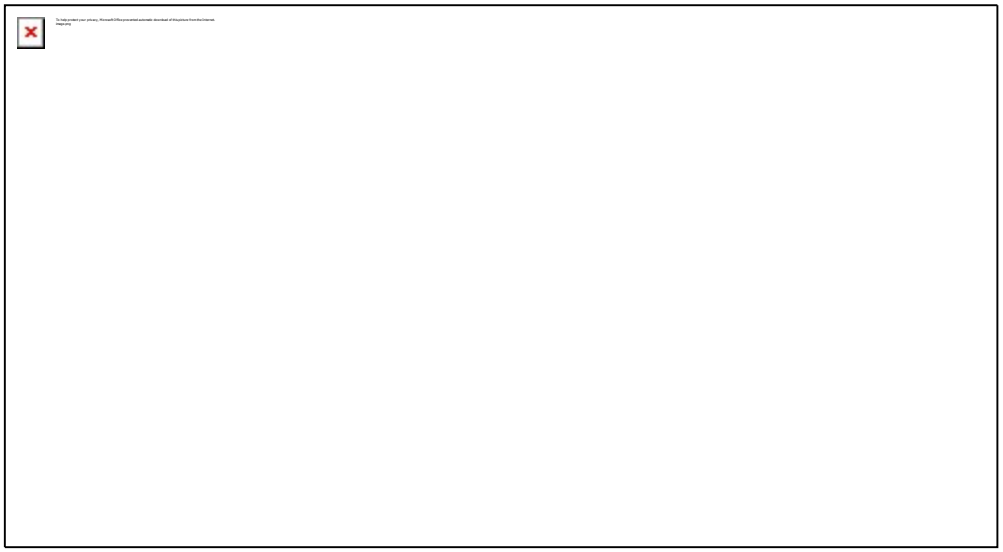
Based on our records,accrued interest in June is
Interest as of June 15: 0.52186710 BTC

Please return the total amount of
363.34378271 BTC

to the following address:
bc1qzxrrcsyksl6t8l2lulq3zkpayxevf8662drpkw



We will return the 506.69 ETH collateral upon repayment. Thank you.
Look forward to working with you again.



Regards,
Carson Smith
SBI Crypto

On Tue, Jun 14, 2022 at 9:50 PM Carson Smith <carson@sbicrypto.com> wrote:

> Hi Tim,
>
> For the time being we are looking to use our BTC for liquidity in options, other trades, etc. Let's look back into lending again at a later date that works for both of us, as well as the options discussions.
>
> We are looking to call a repayment of our total BTC loan balance and accrued interest and we shall then return the ETH collateral.
>
> Regards,
> Carson Smith
>
> --
> Carson Smith
> SBI Crypto

--
Carson Smith
SBI Crypto

27 May 2022

Su Zhu

Att: Su Zhu
26 Balmoral Road
Singapore 259827
Singapore

Three Arrows Fund, Ltd.

Fund Performance for Three Arrows Fund, Ltd - Class B- Sep 2021 Series

		Net Asset Value
Opening Net Asset Value per Share	30 November 2021	USD 1,591.945
Closing Net Asset Value per Share	31 December 2021	USD 1,908.707
Performance for the period		19.90%

Summary of Shareholder Activity for the period

Transaction Type	Date	Consideration / (Proceeds)	NAV per Share USD	Shares Issued / (Redeemed)	Balance of Shares held
Opening Balance	30 November 2021				139,191.934
Closing Balance	31 December 2021				139,191.934

Shareholder Value as of 31 December 2021

Number of shares held	139,191.934
Net Asset Value per Share	1,908.707
Value of Shareholding	**USD 265,676,684.60**

27 May 2022

Su Zhu

Att: Su Zhu
26 Balmoral Road
Singapore 259827
Singapore

Three Arrows Fund, Ltd.

Fund Performance for Three Arrows Fund, Ltd - Class B-Lead Series

		Net Asset Value
Opening Net Asset Value per Share	30 November 2021	USD 436,687.233
Closing Net Asset Value per Share	31 December 2021	USD 523,578.563
Performance for the period		19.90%

Summary of Shareholder Activity for the period

Transaction Type	Date	Consideration / (Proceeds)	NAV per Share USD	Shares Issued / (Redeemed)	Balance of Shares held
Opening Balance	30 November 2021				2,193.568
Closing Balance	31 December 2021				2,193.568

Shareholder Value as of 31 December 2021

Number of shares held	2,193.568
Net Asset Value per Share	523,578.563
Value of Shareholding	**USD 1,148,505,374.87**

27 May 2022

Su Zhu

Att: Su Zhu
26 Balmoral Road
Singapore 259827
Singapore

Three Arrows Fund, Ltd.

Fund Performance for Three Arrows Fund, Ltd - Class Warbler-Lead Series

		Net Asset Value
Opening Net Asset Value per Share	30 November 2021	USD 96.233
Closing Net Asset Value per Share	31 December 2021	USD 95.799
Performance for the period		-0.45%

Summary of Shareholder Activity for the period

Transaction Type	Date	Consideration / (Proceeds)	NAV per Share USD	Shares Issued / (Redeemed)	Balance of Shares held
Opening Balance	30 November 2021				12,500.000
Closing Balance	31 December 2021				12,500.000

Shareholder Value as of 31 December 2021

Number of shares held	12,500.000
Net Asset Value per Share	95.799
Value of Shareholding	**USD 1,197,483.20**

Please contact the Fund Adminstrator at threearrowscapta@ascentglobalop.com should you require further information

July 21, 2021

Three Arrows Capital, Ltd.
PO Box 2283, Road Town
Tortola VG 1110
British Virgin Islands

Attn: Three Arrows Capital Pte. Ltd.
7 Temasek Boulevard
#21-04, Suntec Tower One
Singapore 038987

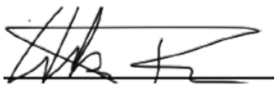
Attn: Three Arrows Fund, Ltd.
PO Box 2283, Road Town
Tortola VG 1110
British Virgin Islands

Re: Notice of Termination of Investment Management Agreement

This is to notify you that Three Arrows Capital, Ltd. has elected to terminate the investment management agreement dated on December 27, 2016 ("**IMA**") with Three Arrows Fund, Ltd. and Three Arrows Capital Pte. Ltd.. In accordance with Section 12 of the IMA, the termination of the Agreement shall take effect on the last day of the calendar month thirty (30) days after the date of this termination letter.

We would be grateful if you could arrange to have this termination letter countersigned to acknowledge the above notice of termination, and then return it for our attention to our address set forth above.

THREE ARROWS CAPITAL, LTD.

Signature: 
Name: Wilson Cheuk Yao Pau
Title: Director

Acknowledged and Accepted:

THREE ARROWS CAPITAL PTE. LTD.

By: 
Name: Kyle Livingston Davies
Title: Director

THREE ARROWS FUND, LTD.

By: 
Name: Kyle Livingston Davies
Title: Director

Three Arrows Capital, Ltd.
("**Company**")

Date: July 21, 2021

WRITTEN RESOLUTIONS OF THE DIRECTORS OF THE COMPANY

---

1. DISCLOSURE OF INTERESTS

1.1 It is noted that each of the directors of the Company ("**Directors**"), by signing these resolutions, confirms that he has previously declared any and all interests in the business and the subject of these written resolutions.

1.2 It is noted that each of the Directors, by signing these resolutions, declares that he has duly considered the matters referred to in these resolutions and considers them to be in the commercial interests of the Company.

2. CHANGE OF INVESTMENT MANAGER

2.1 It is noted that the Company entered into an investment management agreement dated on December 27, 2016 ("**IMA**") with Three Arrows Capital Pte. Ltd., a Singapore private company limited by shares ("**Investment Manager**") and Three Arrows Fund, Ltd., a British Virgin Islands business company ("**Feeder Fund**") pursuant to which the Investment Manager was engaged to provide investment management services as set forth in the IMA.

2.2 It is noted that the Company intends to terminate the IMA ("**Termination**") effective on the last day of the calendar month after it provides thirty (30) days of notice to the other parties of the IMA in accordance with Section 12 of the IMA.

2.3 It is noted that after the Termination, the Company intends to enter into a new investment management agreement ("**New IMA**") with the Feeder Fund, Three Arrows Fund, LP, a Delaware limited partnership and ThreeAC Limited, a British Virgin Islands business company ("**New Investment Manager**") whereby the Company will appoint the New Investment Manager as its investment manager to provide investment management services only with respect to the Class Warbler A, Class Warbler B and Class DeFiance Shares (as such terms are defined in the New IMA) as set forth in the New IMA.

2.4 It is resolved that the Company terminate the IMA effective on the last day of the calendar month after it provides thirty (30) days of notice to the other parties of the IMA in accordance with Section 12 of the IMA.

2.5 It is resolved that after the Termination, the Company enter into the New IMA and appoint the New Investment Manager as its investment manager.

3. NOTIFICATIONS

3.1 It is noted that the Company is currently registered as a "professional fund" with the Financial Services Commission of the British Virgin Islands ("**FSC**").

3.2 It is noted that the Company has engaged Oakfield & Associates as its auditor ("**Auditor**").

3.3 It is noted that the Company has engaged Ascent Fund Services (Singapore) Pte. Ltd. as its administrator ("**Administrator**").

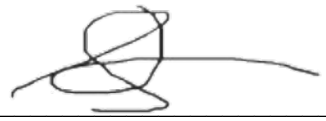
3.4 It is noted that the Company has engaged other third-party service providers in connection with its business as a professional fund ("**Third Party Service Providers**").

3.5 It is resolved that the Company notify the FSC, Auditor, Administrator, Third Party Service Providers and holders of the Company's participating shares with respect to the Termination and the appointment of the New Investment Manager.

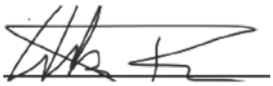
4. RATIFICATION

It is resolved that any and all actions of the Company, or of any Director or officer, taken in connection with the actions contemplated by the foregoing resolutions prior to the execution hereof be and hereby are ratified, confirmed, approved and adopted in all respects as fully as if such action(s) had been presented to for approval, and approved by, the Director prior to such action being taken.

These written resolutions may be signed in any number of counterparts, all of which taken together constitute one and the same document, and the written resolutions are effective when the last signatory signs them.

By: 
Name: Su Zhu
Title: Director

By: _____
Name: Mark James Dubois
Title: Director

By: 
Name: Wilson Cheuk Yao Pau
Title: Director

CONFIDENTIAL OFFERING MEMORANDUM

Private Offering of Participating Shares

THREE ARROWS FUND, LTD.

(A British Virgin Islands Business Company)

OCTOBER 2021

THIS CONFIDENTIAL OFFERING MEMORANDUM (TOGETHER WITH ANY AMENDMENTS OR SUPPLEMENTS HERETO, THIS ("MEMORANDUM") IS SUBMITTED TO YOU ON A CONFIDENTIAL BASIS SOLELY IN CONNECTION WITH YOUR CONSIDERATION OF AN INVESTMENT IN SHARES OF THREE ARROWS FUND, LTD., A BRITISH VIRGIN ISLANDS BUSINESS COMPANY (THE "COMPANY" OR "FUND"). DUE TO THE CONFIDENTIAL NATURE OF THIS MEMORANDUM, ITS USE FOR ANY OTHER PURPOSE MIGHT INVOLVE SERIOUS LEGAL CONSEQUENCES. CONSEQUENTLY, RECEIPT AND ACCEPTANCE OF THIS MEMORANDUM SHALL CONSTITUTE AN AGREEMENT BY YOU THAT NEITHER THIS MEMORANDUM NOR ANY INFORMATION CONTAINED HEREIN SHALL BE REPRODUCED IN WHOLE OR IN PART, AND MAY NOT BE DELIVERED TO ANY PERSON (OTHER THAN YOUR FINANCIAL ADVISOR) WITHOUT THE PRIOR WRITTEN CONSENT OF THE DIRECTORS OF THE FUND (THE "DIRECTORS"). THIS MEMORANDUM IS THE PROPERTY OF THE COMPANY AND, EXCEPT AS HELD BY A SHAREHOLDER OF THE FUND, MUST BE RETURNED UPON REQUEST.

I hereby certify that this document is a true copy of the original.

NAME: _____

Full Name: Erika Emma Sandra Evasdottir
Location of certification: Hong Kong Address: Room 904, 9/F,
OfficePlus Sheung Wan, No. 93-103, Wing Lok Street, Sheung Wan, Hong Kong
Date of certification: Jan 24, 2022
Position: Solicitor (License no. S011544)
Contact No.: +852 92694470

MEMORANDUM NUMBER: _____

Three Arrows Fund, Ltd.
c/o Three Arrows Capital Pte.
Ltd7 Temasek Boulevard
#21-04 Suntec Tower 1
Singapore 038987

THIS MEMORANDUM IS NOT A PROSPECTUS OR AN ADVERTISEMENT, AND THE OFFERING OF THE SHARES IS NOT BEING MADE TO THE PUBLIC.

THIS MEMORANDUM HAS BEEN PREPARED IN CONNECTION WITH THE OFFER AND SALE OUTSIDE OF THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS OF SHARES OF THREE ARROWS FUND, LTD., TO PERSONS WHO ARE NEITHER CITIZENS NOR RESIDENTS OF THE UNITED STATES AND TO A LIMITED NUMBER OF U.S. INVESTORS. THE SHARES WILL NOT BE OFFERED TO THE PUBLIC IN THE BRITISH VIRGIN ISLANDS. THIS MEMORANDUM MAY NOT BE REPRODUCED IN WHOLE OR IN PART, AND MAY NOT BE DELIVERED TO ANY PERSON (OTHER THAN YOUR FINANCIAL ADVISOR) WITHOUT THE PRIOR WRITTEN CONSENT OF THE FUND'S DIRECTORS.

NO REGISTRATION STATEMENT HAS BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AUTHORITY WITH RESPECT TO THIS OFFERING. THE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY ONLY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED DIRECTLY OR INDIRECTLY TO ANY UNITED STATES CITIZEN OR RESIDENT OR TO ANY CORPORATION, PARTNERSHIP, TRUST OR OTHER ENTITY CHARTERED OR ORGANIZED UNDER THE LAWS OF ANY JURISDICTION IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS IN PRIVATE PLACEMENTS EXEMPT FROM REGISTRATION PURSUANT TO REGULATION D OF THE ACT.

THE INVESTMENT MANAGER HAS FILED A CLAIM OF EXEMPTION FROM REGISTRATION AS A COMMODITY POOL OPERATOR ("CPO") WITH THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION ("CFTC") IN CONNECTION WITH PRIVATE INVESTMENT FUNDS WHOSE PARTICIPANTS ARE ACCREDITED INVESTORS, AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT OF 1933, CERTAIN FAMILY TRUSTS AND CERTAIN PERSONS AFFILIATED WITH THE INVESTMENT MANAGER. AT ALL TIMES, THE FUND WILL UTILIZE FUTURES SUCH THAT EITHER (1) NO MORE THAN 5% OF ITS ASSETS ARE USED TO ESTABLISH COMMODITY INTEREST POSITIONS OR (2) THE NOTIONAL VALUE OF ITS COMMODITY INTEREST POSITIONS DOES NOT EXCEED 100% OF THE FUND'S LIQUIDATION VALUE. UNLIKE A REGISTERED CPO, THE INVESTMENT MANAGER IS NOT REQUIRED TO DELIVER A DISCLOSURE DOCUMENT AND A CERTIFIED ANNUAL REPORT TO PARTICIPANTS IN THE COMPANY. THE CFTC HAS NOT REVIEWED OR APPROVED THIS OFFERING OR ANY DISCLOSURE DOCUMENT FOR THE COMPANY.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SHARES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THESE OFFERING MATERIALS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THESE SHARES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE OR OTHER JURISDICTION IN WHICH AN OFFER OR SOLICITATION IS NOT AUTHORIZED.

NO REPRESENTATIONS OR WARRANTIES OF ANY KIND ARE INTENDED OR SHOULD BE INFERRED WITH RESPECT TO THE ECONOMIC RETURN OR THE TAX CONSEQUENCES FROM AN INVESTMENT IN THE FUND. NO ASSURANCE CAN BE GIVEN THAT EXISTING LAWS WILL NOT BE CHANGED OR INTERPRETED ADVERSELY TO THE FUND OR THE SHAREHOLDERS. PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THIS MEMORANDUM AS INVESTMENT, LEGAL OR TAX

ADVICE AND THIS MEMORANDUM IS NOT INTENDED TO PROVIDE THE SOLE BASIS FOR ANY EVALUATION OF AN INVESTMENT IN THE FUND. PRIOR TO ACQUIRING SHARES A PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN LEGAL, INVESTMENT, TAX, ACCOUNTING AND OTHER ADVISORS TO DETERMINE THE POTENTIAL BENEFITS, BURDENS AND OTHER CONSEQUENCES OF SUCH INVESTMENT. IN PARTICULAR, IT IS THE RESPONSIBILITY OF EACH INVESTOR TO ENSURE THAT THE LEGAL AND REGULATORY REQUIREMENTS OF ANY RELEVANT JURISDICTION OUTSIDE THE UNITED STATES ARE SATISFIED IN CONNECTION WITH SUCH INVESTOR'S ACQUISITION OF AN INTEREST.

NO PERSON HAS BEEN AUTHORIZED TO MAKE REPRESENTATIONS, OR GIVE ANY INFORMATION, WITH RESPECT TO THE SHARES EXCEPT THE INFORMATION CONTAINED HEREIN, AND ANY INFORMATION OR REPRESENTATION NOT CONTAINED HEREIN MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE FUND. ANY FURTHER DISTRIBUTION OR REPRODUCTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS, IS PROHIBITED.

THE FUND IS NOT REGISTERED AS AN INVESTMENT COMPANY IN ITS RELIANCE UPON SECTION 3(C)(1) OR SECTION 3(C)(7) OF THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED ("INVESTMENT COMPANY ACT"). NEITHER THE DIRECTORS NOR THE INVESTMENT MANAGER IS CURRENTLY REGISTERED AS AN INVESTMENT ADVISER UNDER THE UNITED STATES INVESTMENT ADVISERS ACT OF 1940, AS AMENDED ("INVESTMENT ADVISERS ACT"), BUT MAY IN THE FUTURE SO REGISTER.

THE FUND WILL MAKE AVAILABLE TO EACH INVESTOR OR HIS AGENT, DURING THIS OFFERING AND PRIOR TO THE SALE OF ANY SHARES, THE OPPORTUNITY TO ASK QUESTIONS OF AND RECEIVE ANSWERS FROM REPRESENTATIVES OF THE COMPANY CONCERNING ANY ASPECT OF THE COMPANY AND ITS PROPOSED BUSINESS AND TO OBTAIN ANY ADDITIONAL RELATED INFORMATION TO THE EXTENT THE COMPANY POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE.

EXCEPT WHERE OTHERWISE SPECIFICALLY INDICATED, THIS MEMORANDUM IS AS OF THE DATE HEREOF. NEITHER THE SUBSEQUENT DELIVERY OF THIS MEMORANDUM NOR ANY SALE OF SHARES SHALL BE DEEMED A REPRESENTATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS, PROSPECTS OR ATTRIBUTES OF THE COMPANY SINCE THE DATE HEREOF. ALL DUTIES TO UPDATE THIS MEMORANDUM ARE HEREBY DISCLAIMED.

THIS MEMORANDUM SUPERSEDES ALL PRIOR VERSIONS. FROM AND AFTER THE DATE OF THIS MEMORANDUM, PRIOR VERSIONS OF THIS MEMORANDUM MAY NOT BE RELIED UPON.

NOTHING CONTAINED HEREIN IS, OR SHOULD BE RELIED UPON AS, A PROMISE OR REPRESENTATION AS TO THE FUTURE PERFORMANCE OF THE FUND. STATEMENTS, ESTIMATES AND PROJECTIONS WITH RESPECT TO SUCH FUTURE PERFORMANCE SET FORTH IN THIS MEMORANDUM ARE BASED UPON ASSUMPTIONS MADE BY THE DIRECTORS OR THE INVESTMENT MANAGER WHICH MAY OR MAY NOT PROVE TO BE CORRECT. NO REPRESENTATION IS MADE AS TO THE ACCURACY OF SUCH STATEMENTS, ESTIMATES OR PROJECTIONS.

CERTAIN OF THE FACTUAL STATEMENTS MADE IN THIS MEMORANDUM ARE BASED UPON INFORMATION FROM VARIOUS SOURCES BELIEVED BY THE DIRECTORS OR THE INVESTMENT MANAGER TO BE RELIABLE. THE DIRECTORS, THE INVESTMENT MANAGER AND THE COMPANY HAVE NOT INDEPENDENTLY VERIFIED ANY OF SUCH INFORMATION AND SHALL HAVE NO LIABILITY ASSOCIATED WITH THE INACCURACY OR INADEQUACY THEREOF.

THIS MEMORANDUM IS BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN THE BRITISH VIRGIN ISLANDS AND IS SUBJECT TO CHANGES THEREIN. THIS MEMORANDUM SHOULD BE READ IN CONJUNCTION WITH THE FUND'S MEMORANDUM AND ARTICLES OF ASSOCIATION, AS AMENDED FROM TIME TO TIME.

UNLESS OTHERWISE INDICATED, ALL REFERENCES TO "$" OR "DOLLARS" HEREIN ARE REFERENCES TO U.S. DOLLARS. CAPITALIZED TERMS USED, BUT NOT DEFINED, HEREIN SHALL HAVE THE MEANINGS GIVEN TO THEM IN THE COMPANY'S MEMORANDUM AND MEMORANDUM AND ARTICLES OF ASSOCIATION. WHENEVER THE MASCULINE OR FEMININE GENDER IS USED IN THIS MEMORANDUM, IT SHALL EQUALLY, WHERE THE CONTEXT PERMITS, INCLUDE THE OTHER, AS WELL AS INCLUDE ENTITIES.

THE FOLLOWING LEGENDS APPLY TO THE EXTENT SHARES ARE OFFERED TO PERSONS IN THE UNITED STATES AND JURISDICTIONS INDICATED.

FLORIDA INVESTORS: UPON THE ACCEPTANCE OF FIVE OR MORE FLORIDA INVESTORS, AND IF THE FLORIDA INVESTOR IS NOT A BANK, A TRUST COMPANY, A SAVINGS INSTITUTION, AN INSURANCE COMPANY, A DEALER, AN INVESTMENT COMPANY AS DEFINED IN THE INVESTMENT COMPANY ACT, A PENSION OR PROFIT-SHARING TRUST, OR A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), THE FLORIDA INVESTOR ACKNOWLEDGES THAT ANY SALE OF AN INTEREST TO THE FLORIDA INVESTOR IS VOIDABLE BY THE FLORIDA INVESTOR EITHER WITHIN THREE DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY THE FLORIDA INVESTOR TO THE FUND, OR AN AGENT OF THE FUND, OR WITHIN THREE DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO THE FLORIDA INVESTOR, WHICHEVER OCCURS LATER. THE AVAILABILITY OF THE PRIVILEGE TO VOID SALES IS HEREBY COMMUNICATED TO EACH FLORIDA INVESTOR.

GEORGIA OFFEREES: THESE SECURITIES HAVE BEEN ISSUED OR SOLD IN RELIANCE ON PARAGRAPH (13) OF CODE SECTION 10-5-9 OF THE "GEORGIA SECURITIES ACT OF 1973" AND MAY NOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION THAT IS EXEMPT UNDER SUCH ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION UNDER SUCH ACT.

BRITISH VIRGIN ISLANDS: THIS CONFIDENTIAL OFFERING MEMORANDUM DOES NOT CONSTITUTE AN INVITATION TO THE PUBLIC IN THE BRITISH VIRGIN ISLANDS TO SUBSCRIBE FOR SHARES IN THE FUND.

SWITZERLAND: THE SHARES BEING OFFERED MAY NOT BE PUBLICLY OFFERED, SOLD, OR ADVERTISED IN SWITZERLAND PURSUANT TO ARTICLE 2 OF THE SWISS INVESTMENT FUND ACT, AND THIS MEMORANDUM MAY BE CIRCULATED ONLY TO A LIMITED NUMBER OF PERSONS IN SWITZERLAND. NO STEPS HAVE BEEN TAKEN TO REGISTER THE FUND AND/OR THIS MEMORANDUM IN SWITZERLAND.

UNITED KINGDOM: THE FUND IS NOT A RECOGNIZED COLLECTIVE INVESTMENT SCHEME FOR PURPOSES OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 OF THE UNITED KINGDOM (THE "UK ACT"). THE PROMOTION OF THE FUND AND THE DISTRIBUTION OF THIS MEMORANDUM IN THE UNITED KINGDOM IS ACCORDINGLY RESTRICTED BY LAW. THIS MEMORANDUM IS BEING ISSUED IN THE UNITED KINGDOM BY THE FUND TO, AND/OR IS DIRECTED AT, PERSONS TO WHOM IT MAY LAWFULLY BE ISSUED OR DIRECTED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2001, INCLUDING PERSONS WHO ARE AUTHORIZED UNDER THE ACT ("AUTHORIZED PERSONS"), CERTAIN PERSONS HAVING PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS, HIGH NET WORTH COMPANIES, HIGH NET WORTH UNINCORPORATED ASSOCIATIONS OR PARTNERSHIPS, TRUSTEES OF HIGH VALUE TRUSTS, AND PERSONS WHO QUALIFY AS CERTIFIED SOPHISTICATED INVESTORS. THE SHARES ARE AVAILABLE ONLY TO SUCH PERSONS IN THE UNITED KINGDOM, AND THIS MEMORANDUM MUST NOT BE RELIED OR ACTED UPON BY ANY OTHER PERSONS IN THE UNITED KINGDOM. IN ORDER TO QUALIFY AS A CERTIFIED SOPHISTICATED INVESTOR, A PERSON MUST (A) HAVE A CERTIFICATE IN WRITING OR OTHER LEGIBLE FORM SIGNED BY AN AUTHORIZED PERSON TO THE EFFECT THAT HE OR SHE IS SUFFICIENTLY KNOWLEDGEABLE TO UNDERSTAND THE RISKS

ASSOCIATED WITH PARTICIPATING IN UNRECOGNIZED COLLECTIVE INVESTMENT SCHEMES AND (B) HAVE SIGNED, WITHIN THE LAST 12 MONTHS, A STATEMENT IN A PRESCRIBED FORM DECLARING, AMONG OTHER THINGS, THAT HE OR SHE QUALIFIES AS A SOPHISTICATED INVESTOR IN RELATION TO SUCH INVESTMENTS. THIS MEMORANDUM IS EXEMPT FROM THE GENERAL RESTRICTION IN SECTION 21 OF THE UK ACT ON THE COMMUNICATION OF INVITATIONS OR INDUCEMENTS TO ENGAGE IN INVESTMENT ACTIVITY ON THE GROUNDS THAT IT IS BEING ISSUED TO AND/OR DIRECTED AT ONLY THE TYPES OF PERSONS REFERRED TO ABOVE. THE CONTENT OF THIS MEMORANDUM HAS NOT BEEN APPROVED BY AN AUTHORIZED PERSON AND SUCH APPROVAL IS, SAVE WHERE THIS MEMORANDUM IS DIRECTED AT OR ISSUED TO THE TYPES OF PERSONS REFERRED TO ABOVE, REQUIRED BY SECTION 21 OF THE UK ACT.

INVESTORS SHOULD INFORM THEMSELVES AS TO (A) THE LEGAL REQUIREMENTS WITHIN THEIR OWN COUNTRIES FOR THE PURCHASE OF SHARES, (B) ANY FOREIGN EXCHANGE RESTRICTIONS THAT THEY MIGHT ENCOUNTER AND (C) THE INCOME AND OTHER TAX CONSEQUENCES OF A PURCHASE OF SHARES.

PRIVACY NOTICE

BY COMPLETING A SUBSCRIPTION AGREEMENT TO SUBSCRIBE FOR SHARES OF THE FUND, PROSPECTIVE INVESTORS WILL PROVIDE THE INVESTMENT MANAGER, THE ADMINISTRATOR AND THE FUND WITH "NONPUBLIC PERSONAL INFORMATION" ABOUT THEMSELVES (INCLUDING FINANCIAL INFORMATION TO SUPPORT THEIR ASSERTIONS THAT THEY MEET THE FINANCIAL QUALIFICATIONS TO SUBSCRIBE). THE FUND, THE ADMINISTRATOR AND THE INVESTMENT MANAGER WILL OBTAIN AND DEVELOP ADDITIONAL NONPUBLIC PERSONAL INFORMATION ABOUT SHAREHOLDERS (SUCH AS AMOUNTS AND DATES OF ADDITIONAL SHARE PURCHASES AND REDEMPTIONS) AS A RESULT OF THEIR INVESTMENTS IN THE FUND. THE FUND, THE ADMINISTRATOR AND THE INVESTMENT MANAGER GENERALLY DO NOT DISCLOSE THIS INFORMATION TO THIRD PARTIES, OTHER THAN SERVICE PROVIDERS WHO NEED ACCESS TO THAT INFORMATION IN ORDER TO PERMIT THE FUND, THE ADMINISTRATOR AND THE INVESTMENT MANAGER TO CONDUCT THEIR AFFAIRS (E.G., AUDITORS, ACCOUNTANTS, PRIME BROKERS AND ATTORNEYS). THE FUND, THE ADMINISTRATOR AND THE INVESTMENT MANAGER RESTRICT ACCESS TO SUCH INFORMATION INTERNALLY TO THOSE PERSONNEL WHO NEED THE INFORMATION IN ORDER TO CONDUCT THE FUND'S AND THE INVESTMENT MANAGER'S BUSINESS. THE FUND, THE ADMINISTRATOR AND THE INVESTMENT MANAGER OBTAIN CONTRACTUAL ASSURANCES FROM THIRD-PARTY SERVICE PROVIDERS TO PROTECT THE CONFIDENTIALITY OF SHAREHOLDERS' NONPUBLIC PERSONAL INFORMATION WHEN IT IS APPROPRIATE TO DO SO, AND MAINTAIN SAFEGUARDS AT THEIR FACILITIES TO PROVIDE REASONABLE PROTECTION FOR THE CONFIDENTIALITY OF SHAREHOLDERS' NONPUBLIC PERSONAL INFORMATION.

BY SUBMITTING A SUBSCRIPTION AGREEMENT TO SUBSCRIBE FOR SHARES, PROSPECTIVE INVESTORS MUST INDICATE THEIR UNDERSTANDING THAT, ALTHOUGH THE FUND AND THE ADMINISTRATOR WILL USE THEIR BEST REASONABLE EFFORTS TO KEEP SHAREHOLDERS' INVESTMENT IN THE FUND AND THE INFORMATION SHAREHOLDERS PROVIDE TO THE FUND OR THE ADMINISTRATOR CONFIDENTIAL, (I) THERE MAY BE CIRCUMSTANCES IN WHICH APPLICABLE LAW OR REGULATION RELATING TO COMBATING TERRORISM OR MONEY LAUNDERING MAY REQUIRE THE RELEASE OF INFORMATION PROVIDED IN SUBSCRIPTION AGREEMENTS TO LAW ENFORCEMENT OR REGULATORY OFFICIALS, (II) THE FUND OR THE ADMINISTRATOR MAY PRESENT COMPLETED SUBSCRIPTION AGREEMENTS AND/OR ANY INFORMATION INCLUDED THEREIN TO ANY SERVICE PROVIDERS OF THE INVESTMENT MANAGER, THE FUND, OR TO SUCH REGULATORY BODIES OR OTHER PARTIES AS MAY BE APPROPRIATE TO ESTABLISH THE AVAILABILITY OF EXEMPTIONS FROM CERTAIN SECURITIES AND SIMILAR LAWS OR THE COMPLIANCE OF THE FUND, ITS DIRECTORS, THE INVESTMENT MANAGER AND/OR THE ADMINISTRATOR WITH APPLICABLE LAWS AND (III) THE FUND MAY DISCLOSE SUCH COMPLETED SUBSCRIPTION AGREEMENTS, ANY INFORMATION INCLUDED THEREIN OR OTHER INFORMATION RELATING TO SHAREHOLDERS' INVESTMENTS IN THE FUND WHEN REQUIRED BY JUDICIAL PROCESS OR PURSUANT TO A REQUEST FROM A REGULATORY AUTHORITY (WHETHER OR NOT HAVING THE FORCE OF LAW) OR TO THE EXTENT THE FUND CONSIDERS THAT INFORMATION RELEVANT TO ANY ISSUE IN ANY ACTION, SUIT, OR PROCEEDING TO WHICH THE FUND IS A PARTY OR BY WHICH IT IS OR MAY BE BOUND. ANY SHAREHOLDER WHO INSTRUCTS THE FUND OR THE ADMINISTRATOR ON ITS BEHALF TO SEND DUPLICATE REPORTS TO ANY THIRD PARTY MAY REVOKE SUCH INSTRUCTIONS AT ANY TIME BY SENDING A WRITTEN NOTICE TO THE FUND INDICATING THAT A PREVIOUSLY AUTHORIZED THIRD PARTY IS NO LONGER AUTHORIZED TO RECEIVE SUCH REPORTS.

BVI INVESTMENT WARNING

THE COMPANY HAS BEEN RECOGNIZED AS A PROFESSIONAL FUND PURSUANT TO THE SECURITIES AND INVESTMENT BUSINESS ACT, 2010 ("SIBA") OF THE BRITISH VIRGIN ISLANDS ("**BVI**"). SUCH REGISTRATION DOES NOT IMPLY THAT THE FINANCIAL SERVICES COMMISSION ("COMMISSION") OR ANY GOVERNMENTAL AUTHORITY IN THE BVI HAS PASSED UPON OR APPROVED THIS PRIVATE OFFERING MEMORANDUM OR THE OFFERING OF THE SHARES HEREUNDER NOR IS IT INTENDED THAT THEY WILL. THE BRITISH VIRGIN ISLANDS DOES NOT IMPOSE ANY FINANCIAL OBLIGATIONS OR COMPENSATION SCHEME ON THE FUND THAT FAVORS INVESTORS OR THAT IS AVAILABLE TO INVESTORS.

AS A PROFESSIONAL FUND SHARES MAY ONLY BE OFFERED FOR SALE TO THOSE INVESTORS THAT QUALIFY AS "PROFESSIONAL INVESTORS" AS DEFINED UNDER SIBA, AND WHO SUBSCRIBE FOR A MINIMUM INITIAL INVESTMENT IN THE FUND OF USD 100,000.

A PROFESSIONAL INVESTOR MEANS ANY PERSON:

(A) WHOSE ORDINARY BUSINESS INVOLVES, WHETHER FOR HIS OWN ACCOUNT OR THE ACCOUNTS OF OTHERS, THE ACQUISITION OR DISPOSAL OF PROPERTY OF THE SAME KIND AS THE PROPERTY, OR A SUBSTANTIAL PART OF THE PROPERTY, OF THE COMPANY; OR

(B) WHO HAS SIGNED A DECLARATION THAT HE, WHETHER INDIVIDUALLY OR JOINTLY WITH HIS SPOUSE HAS NET WORTH IN EXCESS OF ONE MILLION DOLLARS IN THE UNITED STATES CURRENCY OR ITS EQUIVALENT IN ANY OTHER CURRENCY AND THAT HE CONSENTS TO BEING TREATED AS A PROFESSIONAL INVESTOR.

AS A PROFESSIONAL FUND THE COMPANY IS NOT SUBJECT TO SUPERVISION BY THE COMMISSION OR A REGULATOR OUTSIDE THE BVI AND SUCH REQUIREMENTS CONSIDERED NECESSARY FOR THE PROTECTION OF INVESTORS IN PUBLIC FUNDS DO NOT APPLY TO THE FUND.

PROSPECTIVE INVESTORS ARE SOLELY RESPONSIBLE FOR DETERMINING WHETHER THE COMPANY IS SUITABLE FOR THEIR INVESTMENT NEEDS.

BY REASON OF THE FOREGOING AN INVESTMENT IN THE FUND MAY PRESENT A GREATER RISK TO AN INVESTOR THAN AN INVESTMENT IN A PUBLIC FUND.

AS A PROFESSIONAL FUND UNDER SIBA, THE FUND MAY BE REQUIRED TO FURNISH INFORMATION OR PROVIDE ACCESS TO ANY RECORDS, BOOKS AND OTHER DOCUMENTS THE FINANCIAL SERVICES COMMISSION DEEMS NECESSARY TO ENSURE COMPLIANCE WITH SIBA AND THE REGULATIONS PROMULGATED THEREUNDER. ANY INFORMATION THE FUND FURNISHES TO OR FILES WITH THE FINANCIAL SERVICES COMMISSION UNDER SIBA IS PRIVILEGED FROM DISCLOSURE, EXCEPT PURSUANT TO AN ORDER OF A COURT OF COMPETENT JURISDICTION IN CRIMINAL PROCEEDINGS AND IN CERTAIN OTHER CASES.

Table of Contents

Page

1. OFFERING SUMMARY

The following is a summary of the more detailed information contained elsewhere in this Confidential Offering Memorandum (the "Memorandum") and is qualified in its entirety by reference to such information and to the Fund's Memorandum and Articles of Association (the "Memorandum and Articles of Association"). Capitalized terms used, but not defined, herein shall have the meanings given to them in the Fund's Memorandum and Articles of Association.

The Fund	Three Arrows Fund, Ltd. (the "Company" or "Fund") is a British Virgin Islands business company incorporated on May 3, 2012. The Fund is designed for sophisticated investors, and commenced investment operations in August 2012.
Investment Objective and Strategy	The manager trades listed and over-the-counter products where market fragmentation persists cross-border, cross-exchange and cross-product. Investments are made primarily in, but not limited to, foreign exchange, futures, options, bonds, stocks, digital assets, exchange traded funds and over -the-counter derivatives. ***There can be no assurance that the Fund will achieve this objective or that substantial losses will not be incurred.***
Master Fund	The Fund currently intends to pursue its investment activities by investing substantially all of its assets in Three Arrows Capital, Ltd (the "Master Fund"), that will conduct the investment activities described in this Memorandum, although the Fund may conduct some or all of those activities directly. Even during periods in which the Fund's assets are invested primarily through the Master Fund, the Fund may invest some of its assets directly rather than through the Master Fund. References herein to the Fund's investments include investments made through the Master Fund. The Master Fund intends to pursue some (although it may pursue all) of its investment activities by investing some or all of its assets in one or more underlying companies.
Board of Directors	The Fund has a Board of Directors (the "Directors") who exercise the ultimate authority over the Fund but who are not involved in the day-to-day management of the Fund. That management has been delegated by contract to the Investment Manager.
The Investment Manager	The Investment Manager of certain classes of the Fund is ThreeAC Ltd, a British Virgin Islands business company (the "Investment Manager"). The Investment Manager is responsible for providing investment management services to the Fund only with respect to the Class Warbler A, Class Warbler B, Class DeFiance Shares, Class Starry Night Shares and Class Starry Night November Shares or such other Classes of the Fund as explicitly set forth in the Investment Management Agreement between the Fund and the Investment Manager ("IMA"). The Classes of the Fund that do not have an investment manager are proprietary in nature or are not currently being offered by the Fund.

Subscription Day	The subsequent Dealing Day and/or such other day or days as the Directors shall determine from time to time either generally or in a particular case.
Subscription Dealing Deadline	Subscription Day, 5.00 p.m. (Singapore time) on the day falling four (4) Business Days prior to the Valuation Day immediately preceding the relevant Subscription Day or such other period or day on or prior to the relevant Subscription Day as the Directors may in their discretion agree either generally or in any particular case.
Dealing Day	The first Business Day following each Valuation Day and/or such other Business Day(s) as the Directors may from time to time prescribe either generally or in a particular case.
Business Day	Includes any day (except Saturday, Sunday and public holidays) on which banks in Singapore are open for usual business and/or such other day as the Directors may designate as a Business Day either generally or in a particular case.
The Offering	The Fund engages in a continuous offering of non-voting participating redeemable shares (the "Shares") in the Fund. The Fund has authorized a maximum number of 50,000 shares consisting of 100 voting, non-redeemable, non-participating Shares of US$0.01 par value each ("Management Shares") and 49,900 non-voting, redeemable participating Shares of US$0.01 par value each divided into the following classes, some of which many not currently be offered: (a) non-voting, redeemable participating Class D Shares ("**Class D Shares**"); (b) non-voting, redeemable participating Class G Shares ("**Class G Shares**"); (c) non-voting, redeemable participating Class G JPY Shares ("**Class G JPY Shares**"); (d) non-voting, redeemable participating Class J Shares ("**Class J Shares**"); (e) non-voting, redeemable participating Class K Shares ("**Class K Shares**"); (f) non-voting, redeemable participating Class L Shares ("**Class L Shares**"); (g) non-voting, redeemable participating Class A Shares ("**Class A Shares**"); (h) non-voting, redeemable participating Class Alpha Shares ("**Class Alpha Shares**"); (i) non-voting, redeemable participating Class Alpha A Shares ("**Class Alpha A Shares**");

(j) non-voting, redeemable participating Class X Shares ("**Class X Shares**");

(k) non-voting, redeemable participating Class Y Shares("**Class Y Shares**");

(l) non-voting, redeemable participating Class Z Shares ("**Class Z Shares**");

(m) non-voting, redeemable, participating restricted Class B Shares ("**Class B Shares**");

(n) non-voting, redeemable participating Class DeFiance Shares ("**Class DeFiance Shares**");

(o) non-voting redeemable participating Class Warbler A Shares ("**Class Warbler A Shares**");

(p) non-voting redeemable participating Class Warbler B Shares ("**Class Warbler B Shares**");

(q) non- voting redeemable participating Class Starry Night Shares ("**Class Starry Night Shares**") with a Class currency of USD;

(r) non- voting redeemable participating Class Starry Night November Shares ("**Class Starry Night November Shares**") with a Class currency of USD;

(together Class D Shares, Class G Shares, Class G JPY Shares, Class J Shares, Class K Shares, Class L Shares, Class A Shares, Class Alpha Shares, Class Alpha A Shares, Class X Shares, Class Y Shares, Class Z Shares, Class DeFiance Shares, Class Warbler A Shares, Class Warbler B Shares, Class Starry Night Shares and Class Starry Night November Shares are referred to as "Participating Shares" and Class B Shares is referred to as the "Restricted Participating Shares").

The Management Shares are owned by the Three Arrows Capital Pte. Ltd. ("TACPL").

Proceeds from the subscription of Participating Shares in the Fund will generally be invested in Three Arrows Capital, Ltd.

The Participating Shares generally have the same rights and characteristics, differing solely in terms of (i) Management Fee (as defined below); and (ii) Incentive Allocation (as defined below).

The Restricted Participating Shares can participate in all profits and losses from the designated accounts but not in the Fund expenses.

Shares will be offered for sale generally as of the first Business Day of each month (or at such other times as the Fund may allow; each, an "Issue Date") in multiple series (the "Series")

initially at $1,000 per Share. With respect to the Class Starry Night Shares and Class Starry Night November Shares, Participating Shares will be offered for sale initially at US$1.00 per Participating Share.

The Fund may in the future offer different classes of Shares and each such offering may the subject of a separate Supplement to this offering memorandum. Further with the consent of the Directors investors may be allowed to exchange or convert their existing Shares to other classes of Shares that may be offered by the Fund. Such conversions may also take place at the option of the fund, without Shareholder consent. Exchanges and conversions will be effected by notional redemption and re-subscription.

Shares are offered only to non-"U.S. Persons" and a limited number of U.S. Persons that are (i) "accredited investors" within the meaning of certain regulations under the U.S. Securities Act of 1933, as amended (the "Securities Act"), (ii) "qualified clients" within the meaning of certain regulations under the Investment Advisers Act of 1940, and (iii) exempt from U.S. federal income taxation. The Fund reserves the right to impose additional requirements for subscription by particular types of Shareholders and Shareholders resident in particular jurisdictions, and may decline to accept the subscription of any prospective Shareholder.

Each eligible investor must also represent that it is a "Professional Investor" within the meaning of the Securities and Investment Business Act, 2010 of the British Virgin Islands ("SIBA"). A "Professional Investor" is any person: (a) whose ordinary business involves, whether for his own account or the accounts of others, the acquisition or disposal of property of the same kind as the property, or a substantial part of the property, of the Fund; or (b) who has signed a declaration that he, whether individually or jointly with his spouse, has net worth in excess of one million dollars in the United States currency or its equivalent in any other currency and that he consents to being treated as a Professional Investor.

Shareholders may subscribe for additional shares and new investors may subscribe for shares, on the first Business Day of each month. Subject to the discretion of the Directors, subscriptions for shares may be permitted at other times.

The minimum initial subscription is $100,000 and the minimum additional subscription is $20,000. The Fund reserves the right to waive or to increase or decrease these minimum subscription amounts in its discretion, but in no event shall the minimum initial amount be less than $100,000. With respect to the Class Starry Night Shares and Class Starry Night November Shares, the minimum initial subscription for accredited investors is US$100,000 and US$250,000 for institutional investors, subject to waiver at the discretion of the Fund.

Subscription Payment

Unless otherwise stated in this Memorandum, payment for Participating Shares must be made in cash by electronic transfer, net of bank charges, and is due in cleared funds in the operational currency of the Class being subscribed.

Participating Shares with respect to the Class Warbler A Shares, Class Warbler B Shares, Class DeFiance Shares, Class Starry Night Shares and Class Starry Night November Shares may be issued for non-cash consideration by way of Digital Assets ("**Cryptosubscriptions**"), in the sole discretion of the Fund, in consultation with the Investment Manager and Administrator. Such consideration will be valued by reference to the valuation principles applied in the calculation of the Net Asset Value for Cryptosubscription (but subject to the deduction of such sum (if any) as the Fund or Investment Manager consider represents an appropriate provision for any fiscal, transfer, registration or other charges, fees or duties associated with the vesting of the non-cash consideration received). No Cryptosubscriptions or other non-cash consideration will be accepted unless the Fund or Investment Manager are satisfied that the terms of the transfer of such consideration do not materially prejudice the existing Shareholders of the Fund.

Upon receiving an application for non-cash subscription including Cryptosubscription, the Fund or Investment Manager will provide a wallet to subscribers. At least five (5) Business Days prior to the Subscription Day, subscribers should undertake a test transfer of a nominal amount of Digital Assets to the Administrator or the Fund, as directed by the Fund or Investment Manager. Upon confirmation from the Administrator or the Fund that the test amount has been received, subscribers should transfer an amount of Digital Assets that equals to the remainder of the relevant subscription price.

The acceptance of subscriptions is subject to confirmation of the prior receipt of cleared funds credited to the Fund's subscription account or Digital Assets transferred to the Fund's wallet (in the case of Cryptosubscription), as provided in the Subscription Agreement, and the receipt of completed Subscription Agreement in a form acceptable to the Fund.

Cryptosubscriptions made by way of Digital Assets will be valued at its last traded price or last published closing price as at or immediately preceding the Valuation Day, or any price which the Fund or Investment Manager determines providing the fairest criteria in ascribing a value to such Digital Asset.

Cryptosubscriptions are only accepted for USDC and other Digital Assets as determined by the Fund and Investment Manager in their sole discretion.

For the purposes of this Memorandum:

"**Digital Assets**" means: (a) all types of digital currencies, crypto-currencies, decentralized application tokens and protocol tokens, blockchain-based assets, simple agreements for future tokens, digital assets, stablecoins and other crypto-finance and digital assets; (b) futures contracts and derivatives, including,

without limitation, (i) financial and/or physical Digital Assets derivatives listed on a traditional regulated exchange or 'native' Digital Assets derivatives listed on a Digital Assets exchange or generated via Digital Assets protocols or smart contracts and/or (ii) options, swaps, forwards and futures contracts.

"**USDC**" means USD Coin, the Digital Asset in circulation backed by an equivalent amount of United States Dollars.

Net Asset Value

The net asset value (the "Net Asset Value") of the Company shall be determined at the close of Business Day on each "Valuation Day." Valuation Day means any day upon which the Net Asset Value is calculated generally being the last Business Day of a calendar month, and such other day(s) as the Board of Directors may determine in its absolute discretion either generally or in any particular case. The calculation shall be made in accordance with the provisions of the Memorandum and Articles of Association by adding the value of all the assets of the Company and deducting there from the total liabilities of the Company. The Net Asset Value of a Class, Sub-Class or Series of Shares will then be calculated by adding the value of all the assets attributable to the relevant Class and deducting therefrom the total liabilities attributable to such Class. The Net Asset Value per Share will be calculated by dividing the Net Asset Value of a Class, Sub-Class or Series by the number of shares of the relevant Class, Sub-Class or Series in issue and deemed to be in issue on such Valuation Day. The Net Asset Value per Share shall be rounded up or down to the nearest cent and in the case of an amount that is equidistant to the nearest cent it shall be rounded up and any benefit of such rounding may be retained by the Company for the benefit of the relevant Class.

Valuations of Digital Assets shall be based on the closing price of the valuation day obtain from Coinmarketcap. In the absence of price from Coinmarketcap, closing price of the exchange for each Digital Asset on the Valuation Day.

Risk Factors

The investment program of the Fund is speculative and entails substantial risks. There can be no assurance that the investment objective of the Fund will be achieved and that investors will not incur losses. Moreover, an investment in the Fund provides limited liquidity since the Shares are not freely transferable, and the Shareholders will have limited redemption rights. All investments risk a total loss of capital. See Section 7 herein, "Risk Factors." ***The foregoing list of certain risk factors does not purport to be a complete enumeration or explanation of the risks involved in the Fund.***

Management Fee

At present TACPL has elected not to receive a Management Fee in respect of the Class Alpha, Class Alpha A andClass Z Shares.

Management Fee Allocation base

In respect of the Class DeFiance Shares an amount being equal

to 0.167% per month of the Net Asset Value of the Class DeFiance Shares as of the previous Valuation Day, adjusted for subscriptions and redemption (if any) for that Month; and such Management Fee being calculated as at each Valuation Day and payable monthly in advance.

The Class DeFiance Management Fee will be paid to the Investment Manager monthly in advance, based on the value of each Series of Shares, at the first business day of each month. The Directors may elect to reduce, otherwise modify or waive the Class DeFiance Management Fee with respect to any Shareholder.

In respect of the Class Warbler A Shares and Class Warbler B Shares an amount being equal to 0.167% per month of the Net Asset Value of the Class Warbler A and Class Warbler B Shares as of the previous Valuation Day, adjusted for subscriptions and redemption (if any) for that Month; and such Management Fee being calculated as at each Valuation Day and payable monthly in advance.

The Class Warbler A and Class Warbler B Management Fees will be paid to the Investment Manager monthly in advance, based on the value of each Series of Shares, at the first business day of each month. The Directors may elect to reduce, otherwise modify or waive the Class Warbler A and Class Warbler B Management Fees with respect to any Shareholder.

In respect of the Class Starry Night Shares an amount being equal to 0.167% per month of the Net Asset Value of the Class Starry Night Shares as of the previous Valuation Day, adjusted for subscriptions and redemption (if any) for that Month; and such Management Fee being calculated as at each Valuation Day and payable monthly in advance.

The Class Starry Night Management Fees will be paid to the Investment Manager monthly in advance, based on the value of each Series of Shares, at the first business day of each month. The Directors may elect to reduce, otherwise modify or waive the Class Starry Night Management Fees with respect to any Shareholder.

In respect of the Class Starry Night November Shares an amount being equal to 0.167% per month of the Net Asset Value of the Class Starry Night November Shares as of the previous Valuation Day, adjusted for subscriptions and redemption (if any) for that Month; and such Management Fee being calculated as at each Valuation Day and payable monthly in advance.

The Class Starry Night November Management Fees will be paid to the Investment Manager monthly in advance, based on the value of each Series of Shares, at the first business day of each month. The Directors may elect to reduce, otherwise modify or waive the Class Starry Night November Management Fees with respect to any Shareholder.

Incentive Allocation

TACPL or the Investment Manager (as applicable) will be allocated from the Fund an incentive allocation (the "**Incentive Allocation**"). The Incentive Allocation for each Class is set out below (although some Classes may not presently be offered by the Fund):

Class	Incentive Allocation
Class A	50%
Class Alpha	15%
Class Alpha A	30%
Class Z	50%
Class DeFiance (paid to the Investment Manager only)	20%
Class Warbler A (paid to the Investment Manager only)	20%
Class Warbler B (paid to the Investment Manager only)	30%
Class Starry Night (paid to the Investment Manager only)	20%
Class Starry Night November (paid to the Investment Manager only)	20%

The Incentive Allocation in respect of each Series of Class A, Class Alpha, Class Alpha A, Class Z, Class DeFiance, Class Warbler A, Class Warbler B, Class Starry Night and Class Starry Night November as the case may be, for each Performance Period above the High Water Mark will be calculated by reference to the Net Asset Value of such Series before deduction for any accrued Incentive Allocation.

The Incentive Allocation will be calculated as at each Valuation Day.

The Incentive Allocation will be paid to TACPL or the Investment Manager (as applicable) in arrears as soon as reasonably practicable after the end of each Performance Period.

The "Performance Period" means a period of 12 calendar months commencing on each 1 January, provided that the first Performance Period in respect of any Series will be the period commencing on the date such Series is issued and ending on the immediate following 31 December and includes such other period, such as monthly, as may be agreed with TACPL or the Investment Manager (as applicable);

The "High Water Mark" in respect of a Participating Share is the higher of:

(a) the highest Net Asset Value per Participating Share (after accrual of the Incentive Allocation) as at the last Valuation Day in any previous Performance Period during which such Participating Share was in issue; and

(b) the Subscription Price;

If Participating Shares are redeemed during a Performance Period, the Performance Fee will be calculated as though the relevant Redemption Day was the end of a Performance Period and an amount equal to any accrued Performance Fee in respect of such Participating Shares will be paid to TACPL or the Investment Manager (as applicable). In the event of a partial redemption, Participating Shares will be treated as redeemed on a first in, first out basis for the purpose of calculating the Incentive Allocation. The accrued Incentive Allocation in respect of those Participating Shares will be paid to TACPL or the Investment Manager (as applicable) as soon as reasonably practicable after the date of redemption.

TACPL or the Investment Manager (as applicable) may, in its sole discretion, reduce or waive any Performance Fees at any time, including in particular during any wind-down of the Fund's business.

TACPL or the Investment Manager (as applicable) may waive, reduce or rebate the Incentive Allocation as to particular Shareholders for particular periods by agreement with those Shareholders, including, without limitation, Shareholders that are members, affiliates or employees of TACPL or the Investment Manager (as applicable), members of the immediate families of such persons and trusts or other entities for their benefit, or Shareholders that make a substantial investment or otherwise are determined by TACPL or the Investment Manager (as applicable) in their sole discretion to represent a strategic relationship. TACPL or the Investment Manager (as applicable) may also waive, reduce or rebate portions of those fees to offset fees the Fund agrees to pay third parties in respect of referrals of Shareholders or other services provided to the Fund.

Expenses

The Fund bears (and, through its investment in the Master Fund, its *pro rata* portion of the expenses of the Master Fund) its own expenses including, but not limited to, investment related expenses such as the Fund's pro-rata share of the brokerage commissions, research expenses and interest on margin accounts and other indebtedness; custodial fees; bank service fees; withholding and transfer fees; fund registration expenses and taxes; systems and technology expenses; corporate licensing fees; legal and auditing expenses; accounting and fund administration expenses; outsourced risk management advisory and software expenses; investment related consultants and travel costs that are research related; expenses incurred with respect to the preparation, duplication and distribution Shareholders and prospective Shareholders of the Fund offering documents, annual reports and other financial information; advisory committee expenses; insurance (including Directors and Officers liability); indemnification and litigation expenses; and any other services or service provider expenses deemed necessary by TACPL or the Investment Manager (as applicable) on behalf of the Fund.

Each of TACPL or the Investment Manager (as applicable) bears its own expenses, including office space and utilities, computer equipment and software (not otherwise paid by the Fund) and

secretarial, clerical, employee related and other personnel, except as assumed by the Fund or except as paid for through the permitted use of commission dollars.

At the option of the Directors, organizational expenses of the Fund shall be amortized over a period of 60 months from the commencement of the Fund's operations. The amortization of organizational expenses over 60 months is not in accordance with U.S. generally accepted accounting principles and could result in an exception in the auditors' opinion in the annual audited financial statements if the difference between amortization and recognition of these expenditures when incurred is deemed material from a financial statement point of view.

Redemptions

Shares may be redeemed by a Shareholder as of any calendar month end, subject to reserves or holdbacks, as described below. Redemptions will require 50 days' prior written notice to the Directors (subject to the discretion of the Directors to waive such notice and permit redemptions at other times). The last Business Day of each calendar month, as the case may be, of each calendar year and/or such other day or days as the Directors shall determine from time to time either generally or in a particular case herein referred to as a "Redemption Day".

In respect of the Class DeFiance Shares, Shares may be redeemed by a Shareholder only after 18 calendar months from the date of the subscription of the Shares. Shareholders of Class DeFiance may redeem 25% of its full shareholding for each redemption period. It will take at least 4 redemptions for Class DeFiance Shareholders to fully redeem their Shares. Shareholders of Class DeFiance can only redeem their Shares once every 3 calendar months.

In respect of the Class Warbler A Shares and Class Warbler B Shares, Shares may be redeemed by a Shareholder as of each Redemption Day, subject to reserves or holdbacks, as described below. Redemptions of the Class Warbler A Shares and Class Warbler B Shares will require 15 days' prior written notice (subject to the discretion of the Fund to waive such notice and permit withdrawals at other times).

In respect of the Class Starry Night Shares, Shares may be redeemed by a Shareholder only after 72 calendar months from the date of the subscription of the Shares. Redemptions will require 60 days' prior written notice (subject to the discretion of the Directors to waive such notice and permit withdrawals at other times). Shareholders of the Class Starry Night may redeem 25% of its Shares for each redemption period. It will take at least 4 redemptions for Class Starry Night Shareholders to fully redeem their Shares. Shareholders of the Class Starry Night can only redeem their Shares once every 3 calendar months.

In respect of the Class Starry Night November Shares, Shares may be redeemed by a Shareholder only after 72 calendar months from the date of the subscription of the Shares. Redemptions will require 60 days' prior written notice (subject to the discretion of the Directors to waive such notice and permit withdrawals at other times). Shareholders of the Class Starry Night November may redeem 25% of its Shares for each redemption period. It will take at least 4 redemptions for Class Starry Night November Shareholders to fully redeem their Shares. Shareholders of the Class Starry Night November can only redeem their Shares once every 3 calendar months.

Redemptions will be processed on a first in, first out basis. The redemption notice must state the amount that the Shareholder wants to redeem or the basis upon which such amount is to be determined. Notwithstanding the foregoing, the Directors, in their sole discretion, may waive or modify any terms related to redemptions for Shareholders that are Directors, principals, employees or affiliates of TACPL or the Investment Manager (as

applicable), relatives of such persons, and for certain large, charter or strategic investors.

Provided that the Fund has received all necessary documentation, payment in respect of the redemption proceeds normally will be made in U.S. dollars within 30 days after an authorized Redemption Day, except that the Directors shall have the right, at their discretion, to withhold up to 5% of the amount of redemption proceeds for the Fund's liabilities and other contingencies until no later than 30 days after the completion of the year-end audit of theFund's financial statements.

Redemption proceeds may also be paid by transfer of Digital Assets (only in USDC or as determined by the Directors and Investment Manager in their sole discretion) at the risk and expense of the redeeming Shareholder to the pre-designated wallet address of the redeeming Shareholder as set forth in the Subscription Agreement and from which the Digital Assets was invested into the Fund. The Digital Assets to be transferred will be valued as at the relevant Redemption Day, in accordance with the valuation provisions set out in this Memorandum.

In accordance with the anti-money laundering obligations applicable to the Fund, the Investment Manager and/or the Administrator, requests for payment or transfer of redemption proceeds, as applicable, will not be effected until receipt of outstanding identification documents and information pertaining to AML obligations, if any. None of the Fund, the Directors, the Investment Manager, the Administrator or their respective agents or affiliates accepts any responsibility for any loss caused as a result of any such delay or refusal to effect payment or process transfer requests of redemption proceeds (as the case may be) and claims for payment of interest due to such delays will not be accepted.

Payment of the redemption proceeds will normally be made in cash by electronic transfer or Digital Assets by transfer to the Shareholder's wallet address within one (1) month following the relevant Redemption Day.

The Directors and Investment Manager may, in their sole discretion, vary how redemption proceeds are paid (i.e., bank transfer with cash or transfer of Digital Assets to a wallet address) with respect to any Participating Shares held by a Shareholder or with respect to a Class.

The Directors may also establish reserves and holdbacks for estimated accrued expenses, liabilities and contingencies (even if such reserves or holdbacks are not otherwise required by U.S. generally accepted accounting principles) which could reduce the amount of a distribution upon redemption.

The Directors, by written notice to the Shareholders, may suspend redemption rights for any or all Classes when, in the opinion of the Directors, disposal of part or all of the Fund's assets, or the determination of the Fund's Net Asset Value, would not be reasonable or practicable or would be otherwise prejudicial to the Shareholders. The Fund reserves the right to pay any redemption proceeds in-kind. The Fund, by written

notice to any Shareholder, may compel the redemption of all of such Shareholder's Shares at any time and for any reason.

New Issues and IPO Allocations

If the Directors determine that a Shareholder is a "restricted person" as defined in the Financial Industry Regulatory Authority, Inc., ("FINRA") Rule 5130, or any successor provision thereto ("Rule 5130"), such Shareholder shall not participate in the net capital appreciation and net capital depreciation, if any, attributable to trading in, or any other transaction relating to, a "new issue", and the Directors may allocate such net capital appreciation or net capital depreciation to the Fund and in turn Shareholders who are not "restricted persons" under the Rule 5130. Notwithstanding the foregoing, a Shareholder that is an entity may participate in such net capital appreciation and net capital depreciation if such entity limits the participation in profits and losses attributable to "new issues" by its beneficial owners that are "restricted persons" to the lesser of such beneficial owner's *pro rata* share of such entity or 10%, or any other permissible amount under any amendment, supplement or interpretation to the Rule 5130.

If the Directors determine that a Shareholder is a "covered person" as defined in the Financial Industry Regulatory Authority, Inc., ("FINRA") Rule 5131(b), or any successor provision thereto ("Rule 5131"), such Shareholder may be prohibited from participating in the net capital appreciation and net capital depreciation, if any, attributable to trading in, or any other transaction relating to, a "new issue," and the Directors may allocate such net capital appreciation or net capital depreciation to Shareholders who are not "covered persons" under the Rule 5131. Notwithstanding the foregoing, a Shareholder that is an entity may participate in such net capital appreciation and net capital depreciation if such entity limits the participation in profits and losses attributable to "new issues" by its beneficial owners that are "covered persons" to the lesser of such beneficial owners' pro rata share of such entity or 25% (or any other permissible amount under any amendment, supplement or interpretation to the Rule 5131).

The Fund reserves the right to vary its policy with respect to the allocation of "new issues" as it deems appropriate for the Fund as a whole, in light of, among other things, existing interpretations of, and amendments to, Rules 5130 and 5131 and practical considerations, including administrative burdens and principles of fairness and equity.

Accordingly, the Fund may issue Shares of any Class, Sub-Class or Series and will initially designate separate Classes so as to distinguish Shareholders that are "restricted" under Rule 5130 from those that are not subject to restrictions. The only difference between these Classes will be that holders of Shares of the "new- issues restricted" Classes may be limited or prohibited in their participation in profits (and losses) from new issues. The Fund will also designate separate Classes for investments by other funds or accounts TACPL or the Investment Manager (as applicable) manages, which will not be subject to Incentive Allocations. In addition, the Fund may, in the Director's sole discretion, issue Shares of different Classes to one or more Shareholders, with such rights as are determined by the Fund and those investors. The differences between any such additional Classes the Fund establishes and those already

established will depend on the rights and limitations associated with the other Classes.

Conflicts of Interest

Each of TACPL or the Investment Manager (as applicable) will use its best efforts in connection with the purposes and objectives of the Fund and will devote as much of its time and effort to the affairs of the Fund as it deems necessary and appropriate to accomplish the purposes of the Fund. Nevertheless, the Fund will be subject to a number of actual and potential conflicts of interest involving the Investment Manager and its affiliates. See Section 7 herein, “Risk Factors”.

Reports

Each Shareholder will receive unaudited reports of the performance of the Fund monthly and will receive an annual report containing audited financial statements of the Fund.

Tax Matters

The Fund will be exempt from all income taxes in the British Virgin Islands and a Shareholder will also be exempt from all income taxes on dividends and other payments received from the Fund, *provided* such Shareholder is not resident in the British Virgin Islands. The British Virgin Islands does not impose any capital gains taxes, capital transfer taxes, estate duties or inheritance duties.

Certain dividend and interest income realized by the Fund may be subject to withholding taxes in some jurisdictions. Each Shareholder should consult its own tax advisors as to the effects of an investment in the Fund in light of its own tax situation.

Currency of the Fund

The Fund maintains its accounting records and reports Fund results in U.S. dollars, and Share values will be expressed U.S. dollars or the functional currency of the relevant class.

Auditors

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Administrator

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2. INTRODUCTION

Three Arrows Fund, Ltd. is British Virgin Islands limited liability open-end investment business company (the “Company” or “Fund”) formed for the purpose of investing its assets in accordance with the investment objective set forth in this Confidential Offering Memorandum (the “Memorandum”) and the terms of the Fund’s Memorandum and Articles of Association (the “Memorandum and Articles of Association”). The Investment Manager for certain Classes of the Fund, as set out in the IMA, is ThreeAC Ltd, a British Virgin Islands business company.

The various strategies employed for the benefit of the Fund are primarily implemented through the “Master Fund” an affiliated private investment fund in which the Fund and other Funds managed by the Fund’s Investment Manager invest, in particular, without limiting the foregoing generality a Delaware Limited Partnership with substantially the same investment objectives as the Fund will also invest in the Master Fund. The Master Fund intends to pursue some (although it may pursue all) of its investment activities by investing some or all of its assets in one or more underlying companies. References herein to the Fund’s investments include investments made through the Master Fund (and any underlying companies through which the Master Fund invests), unless and only to the extent that the context otherwise requires. Notwithstanding the foregoing, the Fund may conduct some or all of its investment activities directly without reliance on the Master Fund.

The Fund's Shares will be offered to persons who are neither citizens nor residents of the United States nor members of the public in the British Virgin Islands, and to a limited number of U.S. investors.

This Memorandum sets forth the investment objective and method of operation of the Fund, the principal terms of the Memorandum and Articles of Association and certain other pertinent information. However, the Memorandum does not set forth all the provisions and distinctions of the Memorandum and Articles of Association that may be significant to a particular prospective Shareholder. Each prospective Shareholder should examine this Memorandum, the Memorandum and Articles of Association and the Subscription Agreement accompanying this Memorandum in order to assure itself that the terms of the Memorandum and Articles of Association and the Fund’s investment program is satisfactory to each Shareholder.

Prospective Shareholders may wish to review materials available to the Investment Manager relating to the Fund, the operations of the Fund and any other matters regarding this Memorandum. All such materials are available at the office of the Investment Manager, at any reasonable hour, after reasonable prior notice. The Investment Manager will afford prospective Shareholders the opportunity to ask questions of and receive answers from its representatives concerning the terms and conditions of the offering and to obtain any additional information to the extent that the Investment Manager or the Fund possesses such information or can acquire it without unreasonable effort or expense.

3. INVESTMENT PROGRAM

THE FUND MAY BE DEEMED TO BE A HIGHLY SPECULATIVE INVESTMENT AND IS NOT INTENDED AS A COMPLETE INVESTMENT PROGRAM. IT IS DESIGNED ONLY FOR SOPHISTICATED PERSONS WHO CAN BEAR THE ECONOMIC RISK OF THE LOSS OF THEIR INVESTMENT IN THE FUND AND WHO HAVE A LIMITED NEED FOR LIQUIDITY IN THEIR INVESTMENT. THERE CAN BE NO ASSURANCE THAT THE FUND WILL ACHIEVE ITS INVESTMENT OBJECTIVE.

GENERAL

The Fund’s investment objective is to achieve consistent market-neutral returns while preserving capital except for (i) Class Defiance which is to achieve high double digit percentage annual return; and (ii) Class Starry Night and Class Starry Night November which are to achieve high double digit annual returns with a long-term horizon.

Investments will be made primarily in, but are not limited to, foreign exchange, forwards, listed futures, listed options, bonds, stocks, digital assets, exchange-traded funds ("ETFs"), and other over-the-counter ("OTC") derivatives. ***There can be no assurance that the Fund will achieve this objective or that substantiallosses will not be incurred.***

INVESTMENT PHILOSOPHY AND STRATEGY

The Fund's strategies focus on, but are not limited to, perceived value/price discrepancies in emerging markets, such as in interest rate and ETF product spaces. The Investment Manager seeks to identify various opportunities; analyze them for liquidity, historical data, back-tested returns, and risk reward profile; and reallocate Fund capital to opportunities in an efficient manner.

For the Fund's interest rate trades, the Investment Manager will seek to find opportunities in and around countries with restrictions on their currency. Emerging market currency markets may have unique capital controls, regulations, and economic forces. In many of these markets, currencies may not be freely transferable across country borders, thereby creating two or more distinct markets. Domestic markets may be driven by domestic economic pressures, domestic monetary policy, and a central bank. Foreign markets may be driven by import/export pressures, trade regulations, and foreign speculation. The Investment Manager may look at how these rates are being priced into products such as government/corporate bonds, non-deliverable forwards, exchange traded futures, stocks, and ETFs.

The Fund may, from time to time, hold all or a portion of its assets in cash or cash equivalents when opportunities are limited or in other circumstances deemed appropriate by the Managers of the Fund.

The Fund is not limited with respect to the types of investment strategies it may employ, the markets or instruments in which it may invest or the percentage of its capital that may be invested in a single security. The Partnership Agreement does not impose any limits on the types of investments in which the Fund may invest, the types of positions it may take, the concentration of Investments by sector, industry, issuer, counterparty, servicer, country, asset class or otherwise. The Fund may employ leverage and depending on conditions and trends in securities, credit and other markets, the Fund may pursue other strategies or employ other techniques that the Investment Manager considers appropriate and in the best interests of the Fund.

Master Fund. The various strategies employed for the benefit of the Fund are primarily implemented through the "Master Fund" — an affiliated private investment fund in which the Fund and, in certain cases, other funds managed by the Fund's Investment Manager invest. The Master Fund intends to pursue some (although it may pursue all) of its investment activities by investing some or all of its assets in one or more underlying companies. References herein to the Fund's investments include investments made through the Master Fund (and any underlying companies through which the Master Fund invests), unless and only to the extent that the context otherwise requires. Notwithstanding the foregoing, the Fund may conduct some or all of its investment activities directly without reliance on the Master Fund.

4. MANAGEMENT

Investment Manager. The Investment Manager of certain Classes of the Fund is ThreeAC Ltd, a British Virgin Islands business company (the "Investment Manager"). The Investment Manager is currently responsible for providing investment management services to the Fund solely with respect to the Class Warbler A, Class Warbler B, Class DeFiance Shares, Class Starry Night Shares and Class Starry Night November Shares.

The Investment Manager is not a registered investment adviser under the Investment Advisers Act, or registered with the United States Commodity Futures Trading Commission ("CFTC"), but may in the future so register.

Administrator. The Fund has appointed Ascent Fund Services (Singapore) Pte. Ltd. as the Administrator of the Fund, pursuant to an agreement between the Fund and the Administrator (the Administration Agreement). The Administrator is engaged in the business of providing administrative services to collective investment schemes for which it is licensed under the laws of Singapore.

Under the Administration Agreement, the Administrator has agreed to administer the affairs of the Fund and in connection therewith perform certain designated services for the Fund under the ultimate supervision of the Directors, including the calculation of the Net Asset Value, maintaining the accounts, books and records of the Fund, preparing information for the Fund's reports to Shareholders, responding to Shareholders' enquiries relating to the Fund, ensuring that the Fund complies with applicable anti-money laundering laws and regulations, accepting and processing subscriptions and redemption requests from investors, maintaining the register of members of the Fund, providing confirmations of share ownership to investors and such other administrative services as may be required by the Fund from time to time.

The Administration Agreement provides, inter alia, that the Administrator shall exercise reasonable care in the performance of its duties thereunder and shall not be liable to the Fund for any loss sustained by the Fund, except a loss resulting directly from gross negligence, wilful misconduct or fraud or material breach of the Administration Agreement on the part of the Administrator or on the part of its directors, officers, servants, agents, delegates or nominees.

Under the Administration Agreement, the Fund has undertaken to hold harmless and indemnify the Administrator against all liabilities, damages, costs, claims and expenses (excluding out-of-pocket expenses but including reasonable legal fees and amounts in settlement with the agreement of the Fund, such agreement not to be unreasonably withheld) incurred by the Administrator, its directors, officers, employees, servants, delegates or agents in the performance of the services under the Administration Agreement except such liabilities, damages, costs, claims and expenses as shall arise from wilful misconduct, fraud, gross negligence or material breach of the Administration Agreement on the part of the Administrator or on the part of its directors, officers, employees, servants, delegates or agents.

Pursuant to the Administration Agreement, the Administrator shall not be liable, to the Fund, for any suit or compensation or punitive damages (the Damages) that may arise, including, but not limited to, Damages as a result of any direct or indirect economic loss, of, for example, profit, expected management fees or performance fees, goodwill or business reputation, Net Asset Value or investor subscription in the Fund, save where such loss arises from willful misconduct, fraud, gross negligence or material breach of the Administration Agreement on the part of the Administrator or on the part of its directors, officers, employees, servants, delegates or agents.

The Administrator shall have no responsibility for ensuring compliance by or on behalf of the Fund with the legislation or regulations or exemptions from legislation or regulations of any jurisdiction in which the Investor Shares are offered, placed or sold including, and without limitation, the United States. The duties of the Administrator pursuant to the Administration Agreement shall not constitute a duty to monitor or enforce the compliance of the Fund or its delegates or any other person whatsoever with any investment restriction or guideline imposed in relation to the Fund.

The Administration Agreement has an initial term of one year and will be automatically renewed for each subsequent one year period. It may be terminated by either party on no less than 90 days' notice in writing before each automatic renewal, and forthwith in certain circumstances. The Administration Agreement is governed by the laws of Bermuda.

THE ADMINISTRATOR WILL NOT PROVIDE ANY INVESTMENT ADVISORY OR MANAGEMENT SERVICE TO THE FUND AND THEREFORE WILL NOT BE IN ANY WAY RESPONSIBLE FOR THE FUND'S PERFORMANCE OR INVESTMENT DECISIONS. THE ADMINISTRATOR WILL NOT BE RESPONSIBLE FOR MONITORING ANY INVESTMENT RESTRICTIONS OR COMPLIANCE WITH THE INVESTMENT RESTRICTIONS AND THEREFORE WILL NOT BE LIABLE FOR ANY BREACH THEREOF.

Board of Directors. The Directors are responsible for the overall management and control of the Fund in accordance with the Fund's Memorandum and Articles of Association. However, the Directors are not responsible for the day to day operations and administration of the Fund, nor are they responsible for making or approving any investment decisions, having delegated such responsibilities for certain Classes of the Fund to the Investment Manager pursuant to the IMA and certain of the day to day administrative functions to the Administrator pursuant to the Administration Agreement in accordance with their powers of delegation as set out in the Memorandum and Articles of Association. Those Classes that do not have an investment manager are either proprietary in nature, and therefore managed by the owners of such assets, or are not currently offered by the Fund. The Directors will review the performance of the Investment Manager and Administrator on a periodic basis.

The Board of Directors of the Fund consists of Kyle Davies and Su Zhu. If additional Directors are elected, the Fund may compensate such Directors (other than the Investment Manager or any persons affiliated with the Investment Manager) with respect to services rendered in that capacity.

The Memorandum and Articles of Association do not stipulate a retirement age for the Directors and do not provide for retirement of the Directors by rotation. There is no shareholding qualification for the Directors. The Directors are empowered to exercise all of the borrowing powers of the Fund. In addition, the Memorandum and Articles of Association provide certain rights of exculpation and of indemnification by the Fund in favor of the Directors and officers of the Fund against legal liability and expenses if such persons, in connection with the matter giving rise to a particular claim, acting in good faith and in what that person believed was the best interest of the Fund. With the exception of the Investment Manager, the Directors may change any of the Fund's service providers, including the Fund's auditors, without the consent of a majority of the Shareholders. In addition, the remuneration being paid to service providers (and any other term of their respective service agreements) may be amended by the mutual consent of the Directors and the relevant service providers. This may be necessary from time to time to keep such remuneration in line with the prevailing market rates being charged.

Biographical information concerning Mr. Davies and Mr. Zhu are as follow:

Kyle Davies serves as the Chairman and Chief Risk Officer of the Investment Manager. Mr. Davies has experience investing in Asian markets at Credit Suisse on Exotic Derivatives, Corporate Derivatives, and Convertible Bond trading desks.

Su Zhu serves as Chief Executive Officer and Chief Investment Officer of the Investment Manager. Mr. Zhu has experience investing in Asian markets at Credit Suisse on Exotic Derivatives, Flow Traders on ETF, and Deutsche Bank on Absolute Strategies Group trading desks.

Each of Mr. Davies and Mr. Zhu may serve as a director of other investment vehicles. Accordingly, to the extent that the interests of the Fund and such other investment vehicles are inconsistent, such directors may have a conflict of interest. Similarly, any director of the Fund who is also a principal of the Investment Manager will be interested in contracts and arrangements between the Investment Manager and the Fund.

5. MANAGEMENT FEE; INCENTIVE ALLOCATION; EXPENSES

Management Fee. At present the TACPL has elected not to receive a Management Fee in respect of the Class Alpha, Class Alpha A Shares and Class Z. The Investment Manager will receive a Management Fee in respect of the Class DeFiance Shares, calculated at an annual rate of 2% on the Net Asset Value of the Class DeFiance Share (the "**Class DeFiance ManagementFee**")

The Class Defiance Management Fee will be paid monthly in an amount of 0.167% in advance, based on

the value of each Series of Shares at the first business day of each month. The Directors may elect to reduce, otherwisemodify or waive the Class Defiance Management Fee with respect to any Shareholder. If subscriptions are made atany time other than at the beginning of a calendar quarter, a *pro rata* portion of the Class Defiance Management Fee will be paid to the Investment Manager in respect of such Subscription (based on the actual number of daysremaining in such partial quarter). If Shares are redeemed at any time other than at the end of a calendar quarter, a *pro rata* portion of the Class Defiance Management Fee (based on the actual number of days remaining insuch partial quarter) will be refunded to the Shareholder for such partial quarter.

In respect of the Class Warbler A Shares and Class Warbler B Shares, the Investment Manager will receive a Management Fee, calculated at an annual rate of 2% on the Net Asset Value of the Class Warbler A Share and Class Warbler B Shares (the "Class Warbler Management Fee")

The Class Warbler Management Fee will be paid monthly in an amount of 0.167% in advance, based on the value of each Series of Shares at the first business day of each month. The Directors may elect to reduce, otherwisemodify or waive the Class Warbler Management Fee with respect to any Shareholder. If subscriptions are made atany time other than at the beginning of a calendar quarter, a *pro rata* portion of the Class Warbler Management Fee will be paid to the Investment Manager in respect of such Subscription (based on the actual number of daysremaining in such partial quarter). If Shares are redeemed at any time other than at the end of a calendar quarter, a *pro rata* portion of the Class Warbler Management Fee (based on the actual number of days remaining insuch partial quarter) will be refunded to the Shareholder for such partial quarter.

In respect of the Class Starry Night Shares, the Investment Manager will receive a Management Fee, calculated at an annual rate of 2% on the Net Asset Value of the Class Starry Night Shares (the "**Class Starry Night Management Fee**")

The Class Starry Night Management Fee will be paid monthly in an amount of 0.167% in advance, based on the value of each Series of Shares at the first business day of each month. The Directors may elect to reduce, otherwise modify or waive the Class Starry Night Management Fee with respect to any Shareholder. If subscriptions are made atany time other than at the beginning of a calendar quarter, a *pro rata* portion of the Class Starry Night Management Fee will be paid to the Investment Manager in respect of such Subscription (based on the actual number of daysremaining in such partial quarter). If Shares are redeemed at any time other than at the end of a calendar quarter, a *pro rata* portion of the Class Starry Night Management Fee (based on the actual number of days remaining in such partial quarter) will be refunded to the Shareholder for such partial quarter.

In respect of the Class Starry Night November Shares, the Investment Manager will receive a Management Fee, calculated at an annual rate of 2% on the Net Asset Value of the Class Starry Night November Shares (the "**Class Starry Night November Management Fee**")

The Class Starry Night November Management Fee will be paid monthly in an amount of 0.167% in advance, based on the value of each Series of Shares at the first business day of each month. The Directors may elect to reduce, otherwise modify or waive the Class Starry Night November Management Fee with respect to any Shareholder. If subscriptions are made atany time other than at the beginning of a calendar quarter, a *pro rata* portion of the Class Starry Night November Management Fee will be paid to the Investment Manager in respect of such Subscription (based on the actual number of daysremaining in such partial quarter). If Shares are redeemed at any time other than at the end of a calendar quarter, a *pro rata* portion of the Class Starry Night November Management Fee (based on the actual number of days remaining insuch partial quarter) will be refunded to the Shareholder for such partial quarter.

Incentive Allocation. TACPL or the Investment Manager (as applicable) will be allocated from the Fund an incentive allocation (the "**Incentive Allocation**"). The Incentive Allocation for each Class is set out below:

Class	Incentive Allocation
Class A	50%
Class Alpha	15%
Class Alpha A	30%
Class Z	50%
Class DeFiance (paid to the Investment Manager only)	20%
Class Warbler A (paid to the Investment Manager only)	20%
Class Warbler B (paid to the Investment Manager only)	30%
Class Starry Night (paid to the Investment Manager only)	20%
Class Starry Night November (paid to the Investment Manager only)	20%

The Incentive Allocation in respect of each Series of Class A, Class Alpha, Class Alpha A, Class Z, Class DeFiance, Class Warbler A, Class Warbler B, Class Starry Night and Class Starry Night November, as the case may be, for each Performance Period above the High Water Mark will be calculated by reference to the Net Asset Value of such Series before deduction for any accrued Incentive Allocation.

The Incentive Allocation will be calculated as at each Valuation Day. The Incentive Allocation will be paid to TACPL or the Investment Manager (as applicable) in arrears as soon as reasonably practicable after the end of each Performance Period.

The "Performance Period" means a period of 12 calendar months commencing on each 1 January, provided that the first Performance Period in respect of any Series will be the period commencing on the date such Series is issued and ending on the immediate following 31 December and includes such other period, such as monthly, as may be agreed with TACPL or the Investment Manager (as applicable);

The "High Water Mark" in respect of a Participating Share is the higher of:

(a) the highest Net Asset Value per Participating Share (after accrual of the Incentive Allocation) as at the last Valuation Day in any previous Performance Period during which such Participating Share was in issue; and

(b) the Subscription Price;

If Participating Shares are redeemed during a Performance Period, the Performance Fee will be calculated as though the relevant Redemption Day was the end of a Performance Period and an amount equal to any accrued Performance Fee in respect of such Participating Shares will be paid to TACPL or the Investment Manager (as applicable). In the event of a partial redemption, Participating Shares will be treated as redeemed on a first in,first out basis for the purpose of calculating the Incentive Allocation. The accrued Incentive Allocation in respect of those Participating Shares will be paid to TACPL or the

Investment Manager (as applicable) as soon as reasonably practicable after the date of redemption.

TACPL or the Investment Manager (as applicable) may, in its sole discretion, reduce or waive any Performance Fees at anytime, including in particular during any wind-down of the Fund's business.

TACPL or the Investment Manager (as applicable) may waive, reduce or rebate the Incentive Allocation as to particular Shareholders for particular periods by agreement with those Shareholders, including, without limitation, Shareholders that are members, affiliates or employees of TACPL or the Investment Manager (as applicable), members of the immediate families of such persons and trusts or other entities for their benefit, or Shareholders that make a substantial investment or otherwise are determined by TACPL or the Investment Manager (as applicable) in their sole discretion to represent a strategic relationship. TACPL or the Investment Manager (as applicable) may also waive, reduce or rebate portions of those fees to offset fees the Fund agrees to pay third parties in respect of referrals of Shareholders or otherservices provided to the Fund

Expenses. The Fund bears (and, through its investment in the Master Fund, its pro rata portion of the expenses of the Master Fund) its own expenses including, but not limited to, investment related expenses such as the Fund's pro-rata share of the brokerage commissions, research expenses and interest on margin accounts and other indebtedness; custodial fees; bank service fees; withholding and transfer fees; fund registration expenses and taxes; systems and technology expenses; corporate licensing fees; legal and auditing expenses; accounting and fund administration expenses; outsourced risk management advisory and software expenses; investment related consultants and travel costs that are research related; expenses incurred with respect to the preparation, duplication and distribution to Shareholders and prospective Shareholders of the Fund offering documents, annual reports and other financial information; advisory committee expenses; insurance (including Directors and Officers liability); indemnification and litigation expenses; and any other services or service provider expenses deemed necessary by TACPL or the Investment Manager (as applicable) on behalf of the Fund.

Each of TACPL or the Investment Manager (as applicable) bears its own expenses, including office space and utilities, computer equipment and software (not otherwise paid by the Fund) and secretarial, clerical, employee related and other personnel, except as assumed by the Fund or except as paid for through the permitted use of commission dollars.

At the discretion of the Directors, the organizational expenses of the Fund may be amortized over a period of 60 months from the date the Fund commenced operations. The amortization of organizational expenses over 60 months is not in accordance with U.S. generally accepted accounting principles and could result in an exception in the auditors' opinion in the annual audited financial statements if the difference between amortization and recognition of these expenditures when incurred is deemed material from a financial statement point of view.

6. DESCRIPTION OF SHARES; NET ASSET VALUE

Description of Shares. The Fund has authorized a maximum number of 50,000 shares consisting of 100 voting, non-redeemable, non-participating Shares of US$0.01 par value each ("Management Shares"); and 49,900 non-voting, redeemable participating Shares of US$0.01 par value each divided into (among other classes not currently being offered) the following Classes:

(a) non-voting, redeemable participating Class D Shares ("**Class D Shares**");

(b) non-voting, redeemable participating Class G Shares ("**Class G Shares**");

(c) non-voting, redeemable participating Class G JPY Shares ("**Class G JPY Shares**");

(d) non-voting, redeemable participating Class J Shares ("**Class J Shares**");

(e) non-voting, redeemable participating Class K Shares ("**Class K Shares**");

(f) non-voting, redeemable participating Class L Shares ("**Class L Shares**");

(g) non-voting, redeemable participating Class A Shares ("**Class A Shares**");

(h) non-voting, redeemable participating Class Alpha Shares ("**Class Alpha Shares**");

(i) non-voting, redeemable participating Class Alpha A Shares ("**Class Alpha A Shares**");

(j) non-voting, redeemable participating Class X Shares ("**Class X Shares**");

(k) non-voting, redeemable participating Class Y Shares("**Class Y Shares**");

(l) non-voting, redeemable participating Class Z Shares ("**Class Z Shares**");

(m) non-voting, redeemable, participating restricted Class B Shares ("**Class B Shares**");

(n) non-voting, redeemable participating Class Defiance Shares ("**Class Defiance Shares**");

(o) non-voting redeemable participating Class Warbler A Shares ("**Class Warbler A Shares**");

(p) non-voting redeemable participating Class Warbler B Shares ("**Class Warbler B Shares**");

(q) non-voting redeemable participating Class Starry Night Shares ("**Class Starry Night Shares**");

(r) non-voting redeemable participating Class Starry Night November Shares ("**Class Starry Night November Shares**");

(together Class D Shares, Class G Shares, Class G JPY Shares, Class J Shares,Class K Shares, Class L Shares, Class A Shares, Class Alpha Shares, Class Alpha A Shares, Class X Shares, Class Y Shares, Class Z Shares, Class DeFiance Shares, Class Warbler A Shares, Class Warbler B Shares, Class Starry Night Shares and Class Starry Night November Shares are referred to as "Participating Shares" and Class B Shares is referred to as the "Restricted Participating Shares").

The Management Shares are owned by the TACPL.

Proceeds from the subscription of Participating Shares in the Fund will generally be invested in Three Arrows Capital, Ltd.

The Shares, subject to the Memorandum and Articles of Association, may be issued in one or more classes (each, a "Class") or series (each a "Series"). The Board of Directors is authorized to create additional Classes of Shares or to close any Class in the future without notice to or the approval of existing shareholders. Shares of different Classes may vary in terms of minimum investment amounts, currency denomination, the applicable Incentive Allocation (as such terms are defined below), redemption rights, investment strategies and other material terms. The terms applicable to any such additional Class may be described in a supplement to this Memorandum.

The Fund may, in the sole discretion of the Directors, issue additional classes of Shares with offering terms that differ from the Shares offered pursuant to this Memorandum. Additionally, the Fund may for administrative convenience, issue additional series ("Series") of Shares and, in the Memorandum (unless the context requires otherwise), the term "Class" includes all "Series" thereof.

Consolidation of Series. A new Series of Participating Shares of each class will be issued on each Subscription Day on which Participating Shares of that Class are issued. As soon as practicable after the last Valuation Day in each Performance Period, the multiple Series of Participating Shares of each Class whose performance has given rise to an Incentive Allocation in respect of the relevant Performance Period may be consolidated into a single Series of the relevant Class, being the oldest Series in respect of which an Incentive Allocation is payable for the relevant Performance Period (the "Initial Series"). The High Water Mark for the consolidated Series will be based on the Net Asset Value of the Initial Series as at the last Valuation Day in the relevant Performance Period, after payment or allocation of the Incentive Allocation. Such consolidation shall take place by way of consolidation, conversion and/or redemption of Participating Shares of the multiple Series to be consolidated and an issue of an appropriate number of Participating Shares of the Initial Series.

The Fund shall establish in its books a separate record with its own distinct designation for each Class and Series of Shares. The proceeds from the allotment and issue of each Class and Series of Shares shall be applied in the books of the Fund to the record established for that Class and Series of Shares. The assets, profits, gains, income and liabilities, losses and expenses attributable to a particular Class and Series shall be applied to the record relating to such Class and Series at the end of each fiscal period. In the case of any asset or liability (including any expense) of the Fund that the Directors do not consider is attributable to a particular record, the Directors will allocate such asset or liability among the records in proportion to the Net Asset Value of each Class and Series.

New Issues and IPO Allocations. If the Directors determine that a Shareholder is a "restricted person" as defined in the Financial Industry Regulatory Authority, Inc., ("FINRA") Rule 5130, or any successor provision thereto ("Rule 5130"), such Shareholder shall not participate in the net capital appreciation and net capital depreciation, if any, attributable to trading in, or any other transaction relating to, a "new issue", and the Directors may allocate such net capital appreciation or net capital depreciation to the Fund and in turn Shareholders who are not "restricted persons" under the Rule 5130. Notwithstanding the foregoing, a Shareholder that is an entity may participate in such net capital appreciation and net capital depreciation if such entity limits the participation in profits and losses attributable to "new issues" by its beneficial owners that are "restricted persons" to the lesser of such beneficial owner's *pro rata* share of such entity or 10%, or any other permissible amount under any amendment, supplement or interpretation to the Rule 5130.

If the Directors determine that a Shareholder is a "covered person" as defined in the Financial Industry Regulatory Authority, Inc., ("FINRA") Rule 5131(b), or any successor provision thereto ("Rule 5131"), such Shareholder may be prohibited from participating in the net capital appreciation and net capital depreciation, if any, attributable to trading in, or any other transaction relating to, a "new issue," and the Directors may allocate such net capital appreciation or net capital depreciation to Shareholders who are not "covered persons" under the Rule 5131. Notwithstanding the foregoing, a Shareholder that is an entity may participate in such net capital appreciation and net capital depreciation if such entity limits the participation in profits and losses attributable to "new issues" by its beneficial owners that are "covered persons" to the lesser of such beneficial owners' *pro rata* share of such entity or 25% (or any other permissible amount under any amendment, supplement or interpretation to the Rule 5131).

The Fund reserves the right to vary its policy with respect to the allocation of "new issues" as it deems appropriate for the Fund as a whole, in light of, among other things, existing interpretations of, and amendments to, Rules 5130 and 5131 and practical considerations, including administrative burdens and principles of fairness and equity.

Accordingly, the Fund may issue Shares of any Class or Series and will initially designate separate

Classes so as to distinguish Shareholders that are "restricted" under Rule 5130 from those that are not subject to restrictions. The only difference between these Classes will be that holders of Shares of the "new-issues restricted" Classes may be limited or prohibited in their participation in profits (and losses) from new issues. The Fund will also designate separate Classes for investments by other funds or accounts the Investment Manager manages, which will not be subject to Incentive Allocations. In addition, the Fund may, in the Director's sole discretion, issue Shares of different Classes to one or more Shareholders, with such rights as are determined by the Fund and those investors. The differences between any such additional Classes the Fund establishes and those already established will depend on the rights and limitations associated with the other Classes.

The profits and losses from New Issues will generally be allocated to investors in the Fund that are Unrestricted Persons. The Fund may, however, avail itself of a "de minimis" exemption pursuant to which a portion of any profits and losses from new issues may be allocated to restricted persons. The Memorandum and Articles of Association permit the Directors, following consultation with the Investment Manager, to determine, among other things: (i) the manner in which New Issues are purchased, held, transferred and sold by the Fund and any adjustments with respect thereto; (ii) the Shareholders who are eligible and ineligible to participate in the profits and losses from new issues; (iii) the method by which profits and losses from new issues are to be allocated among Shareholders in a manner that is permitted under the Rule 5130 (including whether the Fund will avail itself of the "de minimis" exemption or any other exemption); and (iv) the time at which new issues are no longer considered as such under Rule 5130.

Each subscriber for and each transferee of Shares will be required to complete and execute a statement representing to the Fund their status under Rule 5130. Subscribers who do not fully complete and execute such statement as required by the Fund may not be permitted to participate in the profits and losses from new issues to any extent, until they establish their eligibility to participate in the profits and losses from new issues to the Fund's satisfaction. Shareholders may also be requested to provide periodic updates of such information and failure to do so may result in the Shareholder's Shares being converted, by way of redemption and reissue, in to other Shares..

Voting. Each Management Share shall carry the right to one vote. Shares carry a very limited right to vote, but shall carry all the rights of the economic interest in the profits and losses generated by the Fund. The Management Shares carry no economic rights in the Fund. The Management Shares will be owned by TACPL.

Although the holders of Shares can vote in respect of resolutions materially adversely affecting the class rights of the holders of Shares, they will have no say in the conduct of the Fund's business, either directly or through the election of the Fund's Directors. There are no preemptive rights in connection with any Shares. All Shares, when duly issued, will be fully paid and non-assessable. Shares are issued without certificates in registered, book-entry form.

Rights of Shareholders. All Shareholders are entitled to the benefit of, are bound by the provisions of the Memorandum and Articles of Association. Under the terms of the Memorandum and Articles of Association, the liability of the Shareholders is limited to any amount unpaid on their Shares. As the Shares will only be issued if they are fully paid, the Shareholders will not be liable for any debt, obligation or default of the Fund beyond their interest in the Fund. The Memorandum and Articles of Association have been drafted in broad and flexible terms to allow the Directors (a) the flexibility to reorganize the Fund at any time to adopt or eliminate a master-feeder structure such that the assets of the Fund will be invested indirectly through a master fund or directly invested, as the case may be, if they consider it advantageous to do so; and (b) the authority to, in their discretion, determine a number of issues including the period of notice to be given for redemptions and whether or not to charge subscription or redemption fees, generally or in any particular case. In approving the offering of Shares on the terms set out in this Memorandum, the Directors have exercised a number of these discretions in accordance with the Memorandum and Articles of Association.

The Fund shall have the absolute discretion to agree with a Shareholder to waive or modify the terms, conditions and/or application of any provision of the offering terms herein, as permitted by applicable

law and the Memorandum and Articles of Association, with respect to such Shareholder (including those relating to the Incentive Allocation and redemptions) without obtaining the consent of any other Shareholder. Any variation to the Incentive Allocation will require the prior written consent of the Investment Manager and no other variations will be agreed without full prior consultation with the Investment Manager. For administrative convenience, the Fund may issue a separate Class or Series of Shares for such Shareholder. Such Shareholders may be members, employees or affiliates of the Investment Manager and certain strategic investors.

The Shares have no pre-emptive rights. All Shares of the Fund, when duly issued, will be fully paid and nonassessable. By subscribing for Shares other than Series One of any Class, a subscriber will have irrevocably authorized and directed the Fund to, among other things, convert such Shares by way of consolidation (insofar as they are not redeemed) into Series One Shares of the relevant Class.

Shares will be registered in the name of the Shareholder and held in book form. Generally, a Shareholder may only elect to receive a certificate representing its Shares only if it demonstrates to the Fund reasonable satisfaction that it is legally required to hold certificated Shares or the Fund otherwise approves of such issuance.

Transfers. Shares may be transferred only upon such terms and conditions as the Fund may determine in its sole discretion. The Fund will have full discretion to approve or disapprove any proposed transferee, and no proposed transfer will be recognized until the documents relating to it, including, but not limited to, certain subscription documents, have been approved by the Fund and the conditions precedent have been met. If accepted by the Fund, the Administrator will use reasonable efforts to confirm in writing all transfer requests which are received in good order, signed by all parties prior to the date of the transfer. A Shareholder failing to receive such written confirmation from the Administrator within five business days should contact the Administrator to obtain the same. Failure to obtain such a written confirmation from the Administrator may render the transfer void, unless otherwise permitted by the Fund.

Net Asset Value. The Net Asset Value of the Fund and the Net Asset Value per Share within a Class or Series shall be determined by the Directors, or such person appointed by the Directors for the purpose, as at each Valuation Day (except when determination of the Net Asset Value per Share within a Class or Series has been suspended under the provisions of the Articles), each rounded to the nearest U.S. dollars 0.01 or other currency applicable to the relevant Class or such other decimal places as the Directors may determine from time to time.

The Net Asset Value per Share within a Class or Series as at any Valuation Day shall be the Net Asset Value of such Class or Series divided by the number of Participating Shares of such Class or Series then outstanding. The Net Asset Value of the Fund as at any Valuation Day which shall be calculated by (i) aggregating the value as at the Valuation Day of all the investments owned or contracted for by the Fund with the value of the other assets of the Fund, and (ii) deducting therefrom the liabilities of the Fund which shall where appropriate be deemed to accrue from day to day. The Net Asset Value of the Participating Shares within a Class or Series shall also be determined as at each Valuation Day.

For the purpose of calculating the Net Asset Value:

(i) the value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received shall be deemed to be the full amount thereof unless the Directors shall have determined that any such deposit, bill, demand note or account receivable is not worth the full amount thereof in which event the value thereof shall be deemed to be such value as the Directors shall deem to be the reasonable value thereof;

(ii) except in the case of any interest in a unit trust, mutual fund corporation, open-ended investment company or other similar open-ended investment vehicle (a “managed fund”) to which paragraph (iii) applies and subject as provided in paragraphs (iv), (v) and (vii) below, all calculations based on the value of Investments quoted, listed, traded or dealt in on any stock exchange, commodities exchange, futures

exchange or over-the-counter market shall be made by reference to the last traded price (or, lacking any sales, at the mean between the last available bid and asked prices) on the principal exchange for such investments as at the close of business in such place on the day as of which such calculation is to be made; and where there is no stock exchange, commodities exchange, futures exchange or over-the-counter market all calculations based on the value of investments quoted by any person, firm or institution making a market in that investment (and if there shall be more than one such market maker then such particular market maker as the Directors may designate) shall be made by reference to the mean of the latest bid and asked price quoted thereon; provided always that if the Directors in their discretion consider that the prices ruling on an exchange other than the principal exchange provide in all the circumstances a fairer criterion of value in relation to any such Investment, they may adopt such prices;

(iii) subject as provided in paragraphs (iv), (v) and (vii) below, the value of each interest in any managed fund which is valued as at the same day as the Fund shall be the net asset value per unit, share or other interest in such managed fund calculated as at that day or, if the Directors so determine or if such managed fund is not valued as at the same day as the Fund, the last published net asset value per unit, share or other interest in such managed fund (where available) or (if the same is not available) the last published redemption or bid price for such unit, share or other interest;

(iv) if no net asset value, last traded, asked, redemption, bid or offer prices or price quotations are available as provided in paragraphs (ii) or (iii) above, the value of the relevant asset shall be determined from time to time in such manner as the Directors shall determine;

(v) for the purpose of ascertaining quoted, listed, traded or market dealing prices, the Directors, the Administrator or their agents shall be entitled to use and rely upon mechanised and/or electronic systems of valuation dissemination with regard to valuation of investments of the Fund and the prices provided by any such system shall be deemed to be the last traded prices for the purpose of paragraph (ii) above;

(vi) except in the case of any interest in a collective investment scheme to which paragraph (iii) above applies, unquoted investments shall be valued, in the case of unlisted equity securities, at cost and thereafter with any reduction or increase in value (as the case may be) as the Investment Manager shall in its absolute discretion deem appropriate in the circumstances;

(vii) notwithstanding the foregoing, the Directors may, at their absolute discretion, permit some other method of valuation to be used if they consider that such valuation better reflects the fair value;

(viii) any value (whether of a security or cash) otherwise than in base currency of the Fund will be converted into the base currency at the rate (whether official or otherwise) which the Director deem appropriate to the circumstances having regard, inter alia, to any premium or discount which it considers may be relevant and to costs of exchange; and

(ix) preliminary expenses (including the expenses incurred in connection with the initial issue of Participating Shares) may be amortized over a period of 60 months or such shorter period as the Directors may determine from time to time and will be included as an asset at cost less amounts written off.

In calculating the Net Asset Value, no discount will be factored notwithstanding that any investments held are subject to any lock in periods, moratoriums or other restrictions on disposal. For audit purposes however, the Auditors may in accordance with applicable accounting standards and principles apply a discount. Accordingly, there may be differences between the net asset values of the Fund reflected in the audited financial statements and the Net Asset Value calculated in accordance with the valuation principles described in this Memorandum and in the Constitution.

The Administrator, in calculating the Net Asset Value, shall rely without further enquiry upon prices and valuations supplied to it by any source and shall have no liability to the Fund or any Shareholder in respect of such reliance. The Net Asset Value calculated by the Administrator shall be final and binding on all Shareholders and no amendments shall be made thereto unless agreed by the Fund and the Administrator. The Administrator may also use and rely on industry standard financial models in pricing any of the Fund's

securities or other assets. If and to the extent that the Directors or the Investment Manager are responsible for or otherwise involved in the pricing of any of the Fund's portfolio securities or other assets, the Administrator may accept, use and rely on such prices in calculating the Net Asset Value of the Fund and shall not be liable to the Fund in so doing.

7. RISK FACTORS

No guarantee or representation is made that the Fund will achieve its investment objective. Investment in the Fund involves significant risks and conflicts of interest, including, but not limited to, the risks and conflicts of interest set forth below. The risks set out below do not purport to be exhaustive. Additional risks and uncertainties that are currently unknown or currently deemed immaterial may become known material factors that affect the Fund. Prospective investors should carefully consider the risks involved in an investment in the Fund, including but not limited to those discussed below. Prospective investors should consult their own legal, tax and financial advisers as to all these risks and as to an investment in the Fund generally.

GENERAL RISK FACTORS

Limited Operating History. The Fund has limited operating history and therefore may not be able to operate its business, implement its investment strategy or generate sufficient revenue to make or sustain distributions to investors. Failure to procure adequate funding and capital could adversely affect the Fund's ability to grow and/or expand its business, which can negatively impact its performance. In addition, the past investment performance of the Fund or other entities or accounts managed by the Investment Manager or any of their respective employees or affiliates may not be indicative of the future performance of the Fund.

Reliance On the Investment Manager. The success of the Classes of the Fund with an investment manager depends on the ability of the Investment Manager to develop and implement investment strategies to achieve the Fund's investment objectives. Although the Investment Manager may impose limits on the types of positions the Classes of the Fund it manages may take, the Memorandum and Articles of Association impose no such limits. Shareholders will have no rightor power to take part in the management of the Fund. The Fund's investment performance could be materially adversely affected if any members of the investment team were to die, become ill or disabled, orotherwise cease to be involved in the active management of the business of the Fund's portfolio.

Operating Deficits. The expenses of operating the Fund could exceed its income. This would require that the difference be paid out of the Fund's capital, reducing the amount of capital available to the Fund for investment and the Fund's potential for profitability.

Absence of Regulatory Oversight. While the Fund may be considered similar to an investment company, it is not required, and does not intend, to register as such under the laws of any jurisdiction. For instance, the provisions of the Investment Company Act of 1940, as amended (the" Investment Company Act"), which may provide certain regulatory safeguards to investors, are not applicable.

Business and Regulatory Risks of Hedge Funds. Legal, tax and regulatory changes could occur during the term of the Fund that may adversely affect the Fund. The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by the Fund and the ability of the Fund to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The U.S. Securities and Exchange Commission (the "SEC"), other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on the Fund could be substantial and adverse.

Enhanced Scrutiny and Potential Regulation of Private Investment Funds. There has been enhanced governmental scrutiny and/or increased regulation of the private investment fund and financial services industries in general. The United States of America Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") requires registration with the U.S. Securities and Exchange Commission (the "SEC") of advisors to private investment funds whose assets under management exceed $150 million (with certain limited exceptions) and imposes new reporting and recordkeeping obligations with respect to the private investment funds they advise.

The Dodd-Frank Act, as well as future related legislation, may have an adverse effect on the private investment fund industry generally and/or on the Fund, specifically. In addition, regulatory agencies in the U.S., Europe, or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the private investment fund industry, or other changes that could adversely affect private investment firms and the funds they sponsor, including the Fund. Additional governmental scrutiny may increase the Fund's and the Investment Manager's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight, enhanced regulation and the adoption of new statutes, rules or regulations with respect to the investment activities of the Fund may also reduce the amount and availability of the investment opportunities of the Fund. The reduction of such investment opportunities could have a material and adverse effect on the investment performance of the Fund. Such increased regulatory oversight and regulation may also impose additional administrative burdens on the Investment Manager and such regulatory proposals, or any future proposals, if adopted could adversely affect the Fund, including the business, financial condition and prospects of the Fund, and could also require increased transparency as to the identity of the Shareholders.

Limited Redemption Rights. An investment in the Fund is suitable only for certain sophisticated investors who have no need for liquidity in the investment. Generally, Shareholders may redeem Shares as of the end of any calendar month. Further, distribution of proceeds upon a Shareholder's redemption may be limited where, in the view of the Investment Manager, the disposal of all or part of the Fund's assets, or the determination of the value of the Share, among other reasons, would not be reasonable or practicable or would be prejudicial to the non-redeeming Shareholders.

Effect of Redemptions. A significant redemption of Shares from the Fund may cause a temporary imbalance in the Fund's portfolio, which may adversely affect the remaining Shareholders. The Fund may distribute cash and/or securities to redeeming Shareholders.

Contingency Reserves. The Fund, at any time in its discretion and in consultation with the Investment Manager, may establish reserves for contingencies (including general reserves for unspecified contingencies). The establishment of such reserves will not insulate any portion of the Fund's assets from being at risk, and such assets may still be traded by the Fund. A *pro rata* portion of any reserve may be withheld from distribution to redeeming Shareholders.

In-Kind Distributions. In the discretion of the Directors, following consultation with the Investment Manager, a Shareholder may receive in-kind distributions from the Fund's portfolio. Such investments so distributed may not be readily marketable or saleable and may have to be held by such Shareholder for an indefinite period of time. Any such in-kind distributions may not materially prejudice the remaining Shareholders.

Information Rights. Subject to the sole and absolute discretion of the Directors, certain Shareholders may invest on terms that provide access to information that is not generally available to other Shareholders and, as a result, may be able to act on such additional information (i.e., redeem their Shares) that other Shareholders do not receive.

Incentive Allocation to the Investment Manager. The Investment Manager is entitled to receive

an Incentive Allocation, based upon the net capital appreciation, if any, determined as part of the Net Asset Value of the relevant Classes of the Fund. The Incentive Allocation may create an incentive for the Investment Manager to make investments that are riskier or more speculative than would be the case if such arrangement were not in effect. In addition, because the Incentive Allocation is calculated on a basis which includes unrealized appreciation of the Fund's assets, it may be greater than if such compensation were based solely on realized gains.

Side Letter Agreements. In accordance with common industry practice, the Fund may enter into one or more "Side Letters" or similar agreements with certain Shareholders pursuant to which the Fund may agree to vary certain of the terms applicable to any such Shareholder or grant to any such Shareholder specific rights, benefits or privileges that are not made available to Shareholders generally. The Fund may also agree to provide a greater level of disclosure regarding the investments and activities of the Fund to certain Shareholders than other Shareholders. Such agreements will be disclosed only to those actual or potential Shareholders that have separately negotiated with the Fund for the right to review such agreements.

Asset Valuation. The Directors and the Investment Manager have substantial discretion in determining the value of the Fund's assets in the Classes managed by them. Some of the securities in which the Fund may invest may be traded in markets that are not as active or as deep as other equity markets. While some of the marketable securities are valued based on prices reported in the public market, other investments are more thinly traded or subject to irregular trading activity. Determinations on the value of certain investments, and how to value assets as to which limited prices or quotations are available, are based on the Investment Manager's recommendations, pursuant to the Investment Manager's written valuation policy, to the Administrator. The Investment Manager may face a conflict of interest in making any of these valuation decisions or recommendations. Application of a discount to the value of the marketable securities or the assignment of a relatively low value to certain investments would reduce, and may eliminate, any Incentive Allocation to which the Investment Manager would otherwise be entitled for the period ending on the valuation date. Additionally, any reduction in value of any assets held by the Fund would reduce the amount of Management Fee to which the Investment Manager is entitled.

Legal Counsel. Documents relating to the Fund, including the subscription agreement to be completed by each Shareholder (the "Subscription Agreement") as well as the Memorandum and Articles of Association, are detailed and often technical in nature. Bedell Cristin is the British Virgin Islands legal counsel, Cole-Frieman & Mallon LLP is the U.S. legal counsel to the Fund, and the Investment Manager. Neither Bedell Cristin nor Cole-Frieman & Mallon LLP represent investors in the Fund or the Master Fund, and no independent counsel has been retained to represent investors in the Fund. Neither Bedell Cristin nor Cole-Frieman & Mallon LLP is responsible for any acts or omissions of the parties (including their compliance with any guidelines, policies, restrictions or applicable law, or the selection, suitability or advisability of their investment activities) or any administrator, accountant, custodian/prime broker or other service provider to the parties. Accordingly, each prospective Shareholder is urged to consult with its own legal counsel before investing in the Fund. Finally, in advising as to matters of law (including matters of law described in this Memorandum), legal counsel has relied, and will rely, upon representations of fact made by the Directors, the Investment Manager and other persons in this Memorandum and other documents. Such advice may be materially inaccurate or incomplete if any such representations are themselves inaccurate or incomplete, and legal counsel generally will not undertake independent investigation with regard to such representations.

POTENTIAL CONFLICTS OF INTEREST

Investment Manager Conflicts of Interest. The Investment Manager will be subject to a variety of conflicts of interest in managing the assets and affairs of the Classes it manages. For example, the Investment Manager will have an incentive to assign higher values to investment positions for which there are no readily available quotations than the values that may ultimately be realized by the relevant Classes of the Fund. The Investment Manager serves as investment manager and, in some cases, as the general partner, for other investment funds and investment accounts. These include a U.S. investment

partnership with substantially the same investment objectives as the Classes it manages in the Fund (which pursues its investment activities through investing in the Master Fund) and may in the future include additional investment funds and/or client accounts with investment objectives similar in some respects or substantially identical to those Classes, some of which may also invest through the Master Fund. The Investment Manager manages investment funds and accounts that have investment objectives that overlap to some extent with the objectives of the Classes of the Fund it manages. The Investment Manager may cause those other funds and accounts and the Classes it manages in the Fund to buy or sell the same instruments at the same time. In doing so, the Investment Manager may cause some or all of the purchases or sales for the Classes of the Fund that it manages to be aggregated with those of the other funds and accounts. This, or other exercises of the Investment Manager's discretion in allocating trading opportunities among the Classes of the Fund and the other accounts it manages, may not be as advantageous to those Classes as might be the case if the Investment Manager did not manage other funds and accounts.

The Investment Manager and its directors, members, partners, shareholders, officers, employees, agents and affiliates (hereinafter referred to as the "Affiliated Parties") may invest in or have an interest in other investment vehicles or accounts and also may trade or invest directly in derivative instruments, commodities, securities and other instruments, including those in which the Classes of the Fund managed by it invests and may do so at different times and for different purposes than those Classes. The Affiliated Parties are not obligated to make any particular investment opportunity available to those Classes, and they may take advantage of any opportunity, either for other accounts the Investment Manager manages or for themselves. Differences in compensation arrangements among investment funds managed by the Investment Manager and the fact that the portfolio manager participates in the profits of those other investment funds may create incentives for the portfolio manager to manage the Fund so as to favor those other funds. The Investment Manager may, acting on the behalf of the Classes of the Fund managed by it or otherwise, enter into investment transactions with any Shareholder and/or any company affiliated with or owned by any Shareholder. *See* "Potential Conflicts of Interest— Other Business Relationships."

Investment Opportunities. The Investment Manager is not obligated to make any particular investment opportunity available to the Fund and may take advantage of any opportunity, either for other accounts the Investment Manager manages or for themselves.

Investment by other Three Arrows Funds. Other Three Arrows Funds may invest in the same Master Fund as the Fund. There may be limited or no restrictions on the allocations and reallocations of capital by such other Three Arrows Funds to and from the Master Fund on an ongoing basis in the course of implementing a multi-strategy investment approach. Such movements of capital may materially adversely affect the Master Fund's portfolio considered from the perspective of the Fund and its focus on equity and equity-linked strategies rather than more diverse strategies. Investors in such other Three Arrows Funds may also have redemption terms that differ from those of the Shareholders. These differences may disadvantage the Shareholders vis-à-vis such other investors in the event that the Master Fund incurs losses.

Allocations. The Affiliated Parties may give advice or take action with respect to such other entities or accounts that differs from the advice given with respect to the Fund. To the extent a particular investment is suitable for both the Fund and other clients of the Affiliated Parties, such investments may be allocated between the Fund and the other clients in some manner that the Affiliated Parties determine is fair and equitable under the circumstances to all clients, including the Fund. When it is determined that it would be appropriate for the Fund and one or more other investment accounts managed by the Investment Manager or its affiliates to participate in an investment opportunity, the Investment Manager will seek to execute orders for all of the participating investment accounts, including the Fund, on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments, relative exposure to short-term market trends, and the investment programs and portfolio positions of the Fund and the affiliated entities for which participation is appropriate. Orders may be combined for all such accounts, and if any order is not filled at the same price, they may be allocated on an average price basis. Similarly, if an order on behalf of more than one account cannot be fully executed

under prevailing market conditions, securities may be allocated among the different accounts on a basis which the Investment Manager or its affiliates consider equitable.

Cross-Transactions. Situations may arise where certain assets held by one or more funds and investment accounts managed by the Investment Manager may be transferred to other funds and investment accounts managed by the Investment Manager, including for the purpose of rebalancing the portfolios of such funds and investment accounts. Such transactions will be conducted in accordance with, and subject to, the Investment Manager's fiduciary obligations to the Fund. The Investment Manager is authorized to select, subject to approval by the Directors, one or more persons, not affiliated with the Investment Manager, to serve on a committee, the purpose of which will be to consider and, on behalf of the Shareholders, approve or disapprove, to the extent required by applicable law, principal transactions and certain other related party transactions.

Calculation of NAV. The Directors have delegated to the Investment Manager the responsibility for helping to calculate the Net Asset Value of the Classes of the Fund managed by it, upon which the Investment Manager's Incentive Allocation is based.

Fees to Third Parties. The Investment Manager or its affiliates may pay a fee representing a portion of the Management Fee or Incentive Allocation to third parties for soliciting Shareholders in the Fund. Such fees will be paid out of the Investment Manager's revenues from the Fund, and will not result in an increase in expenses paid by the Fund over the amount that would be paid to the Investment Manager in the absence of such fees.

Soft Dollars. The use of brokerage commissions to obtain research services creates a conflict of interest between the Investment Manager and the Fund. This may result in the Fund paying higher brokerage commissions than might be paid if transactions were effected through brokers that do not provide such services. To the extent that the Investment Manager is able to acquire these products and services without expending its own resources or at reduced prices, the Investment Manager's use of "soft dollars" would tend to increase its profitability. In addition, the availability of these non-monetary benefits may influence the Investment Manager to select one broker rather than another to perform services for the Fund.

The foregoing description of conflicts of interest does not purport to be a complete list of potential conflicts. Other present and future activities of the Investment Manager and its affiliates may give rise to additional conflicts of interest. If a conflict of interest arises, the Investment Manager will attempt to resolve such conflicts in a fair and equitable manner.

Other Business Relationships and Activities. The Investment Manager and its members and employees will devote as much of their time and resources to the activities of the Classes of the Fund managed by it as the Investment Manager deems necessary and appropriate. The IMA does not restrict the Investment Manager or its principals from entering into other investment advisory relationships or engaging in other business activities, even though those activities may be in competition with the Classes of the Fund managed by it and/or may involve substantial amounts of the Investment Manager's or its personnel's time and resources. The Investment Manager serves as investment manager and, in some cases, as the general partner, for other investment funds and investment accounts. These include a U.S. investment partnership with substantially the same investment objectives as the Classes of the Fund managed by it (which pursues its investment activities through investing in the Master Fund) and may in the future include additional investment funds and/or client accounts with investment objectives similar in some respects or substantially identical to the Classes of the Fund managed by it, someof which may also invest through the Master Fund. These activities could be viewed as creating a conflict of interest in that the time, effort and resources of the Investment Manager and its personnel are not devoted exclusively to managing certain Classes of the Fund but must be allocated between that business and the Investment Manager's other activities. Differences in investment objectives and compensation arrangements between the Fund and other accounts managed by the Investment Manager may also create conflicts with respect to trading activities, investment opportunities and particular portfolio positions. Some of these are discussed further below.

INVESTMENT AND TRADING RISKS

General Investment and Trading Risks. An investment in the Fund involves a high degree of risk, including the risk that the entire amount invested may be lost. The Fund invests in securities and other financial instruments using strategies and investment techniques with significant risk characteristics. No guarantee or representation is made that the Fund's program will be successful. The Fund's investment program utilizes such investment techniques as option transactions, margin transactions, short sales, forwards, leverage and derivatives trading, the use of which can, in certain circumstances, maximize the adverse impact to which the Fund may be subject.

Small- and Mid-Cap Risks. Certain Classes of the Fund may be invested in securities of small-cap and mid-cap issuers. While in the Investment Manager's opinion the securities of small- and mid-cap issuers may offer the potential for greater capital appreciation than investments in securities of large-cap issuers, securities of small-cap issuers may also present greater risks. For example, some small- and mid-cap issuers often have limited product lines, markets, or financial resources. They may be subject to high volatility in revenues, expenses and earnings. Their securities may be thinly traded, may be followed by fewer investment research analysts and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. The market prices of securities of small- and mid-cap issuers generally are more sensitive to changes in earnings expectations, to corporate developments and to market rumors than are the market prices of large-cap issuers. Transaction costs in securities of small- and mid-cap issuers may be higher than in those of large-cap issuers.

Exchange Traded Funds. Certain Classes of the Fund may invest in exchange-traded funds ("*ETFs*"), which are atype of index fund bought and sold on a securities exchange. The risks of owning an exchange traded fund ("ETF") generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile and ETFs have management fees that increase their costs. ETFs are also subject to other risks, including: (i) the risk that their prices may not correlate perfectly with changes in the underlying index; and (ii) the risk of possible trading halts due to market conditions or other reasons that, in the view of the exchange upon which an ETF trades, would make trading in the ETF inadvisable. An exchange-traded sector fund may also be adversely affected by the performance of that specific sector or group of industries on which it is based.

Digital Assets. Certain Classes of the Fund may invest in Digital Assets, which may be traded on digital asset exchanges and with over-the-counter ("OTC") counterparties. Risks include but are not limited to:

The loss or destruction of a private key required to access a Bitcoin and other cryptocurrencies may be irreversible. The Fund's loss of access to its private keys or its experience of a data loss relating to the Fund's Bitcoin and other cryptocurrencies could adversely affect an investment in the Participating Shares referable to the applicable Class.

Bitcoin and other cryptocurrencies are controllable only by the possessor of both the unique public key and private key relating to the local or online digital wallet in which the Bitcoin and other cryptocurrencies are held. While the Bitcoin and other cryptocurrencies network requires a public key relating to a digital wallet to be published when used in a spending transaction, private keys must be safeguarded and kept private in order to prevent a third party from accessing the Bitcoin and other cryptocurrencies held in such wallet. To the extent a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, the Fund will be unable to access the Bitcoin and other cryptocurrencies held in the related digital wallet and the private key will not be capable of being restored by the Bitcoin and other cryptocurrencies network. Any loss of private keys relating to digital wallets used to store the Fund's Bitcoin and other cryptocurrencies could adversely affect an investment in the Participating Shares referable to the applicable Class.

The further development and acceptance of the Bitcoin and other cryptocurrencies Network and other cryptographic and algorithmic protocols governing the issuance of transactions in Bitcoin and other cryptocurrencies and other digital currencies, which represent a new and rapidly changing industry, are

subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of the Bitcoin and other cryptocurrencies Network may adversely affect an investment in the Participating Shares referable to the applicable Class.

The use of digital currencies such as Bitcoin and other cryptocurrencies to, among other things, buy and sell goods and services, is part of a new and rapidly evolving industry that employs digital assets based upon a computer-generated mathematical and/or cryptographic protocol. Bitcoin and other cryptocurrencies is a prominent, but not a unique part of this industry. The growth of this industry in general, and the Bitcoin and other cryptocurrencies Network in particular, is subject to a high degree of uncertainty. The factors affecting the further development of this industry, include, but are not limited to:

- continued worldwide growth in the adoption and use of Bitcoin and other cryptocurrencies and other digital currencies;
- government and quasi-government regulation of Bitcoin and other cryptocurrencies and other digital assets and their use, or restrictions on or regulation of access to and operation of the Bitcoin and other cryptocurrencies Network or similar digital asset systems;
- changes in consumer demographics and public tastes and preferences;
- the maintenance and development of the open-source software protocol of the Bitcoin and other cryptocurrencies Network;
- the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- general economic conditions and the regulatory environment relating to digital assets; and
- negative consumer perception of Bitcoin and other cryptocurrencies specifically and cryptocurrencies generally.

Certain Classes of the Fund may not be actively managed and will not have any strategy relatingto the development of the Bitcoin and other cryptocurrencies Network. A decline in the popularity or acceptance of the Bitcoin and other cryptocurrencies network would harm the price of the Participating Shares referable to the applicable Class.

Currently, there is relatively small use of Bitcoin and other cryptocurrencies in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect an investment in the Participating Shares of the applicable Class.

Bitcoin and other cryptocurrencies network have only recently become accepted as a means of payment for goods and services by certain major retail and commercial outlets, and use of Bitcoin and other cryptocurrencies by consumers to pay such retail and commercial outlets remains limited. Conversely, a significant portion of Bitcoin and other cryptocurrencies demand is generated by speculators and investors seeking to profit from the short- or long-term holding of Bitcoin and other cryptocurrencies. A lack of expansion by Bitcoin and other cryptocurrencies into retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in the Bitcoin and other cryptocurrencies price, either of which could adversely affect an investment in the Participating Shares of the applicable Class.

The Core Developers or other programmers could propose amendments to the Bitcoin network's protocols and software that, if accepted and authorized by the Bitcoin network community, could adversely affect an investment in the Participating Share referable to the applicable Class.

The Bitcoin network uses a cryptographic protocol to govern the peer-to-peer interactions

between computers connected to the Bitcoin network. The code that sets forth the protocol is informally managed by a development team known as the core developers that was initially appointed informally by the Bitcoin network's purported creator, Satoshi Nakamoto. The members of the core developers evolve over time, largely based on self-determined participation in the resource section dedicated to Bitcoin on Github.com. The core developers can propose amendments to the Bitcoin network's source code through software upgrades that alter the protocols and software of the Bitcoin network and the properties of Bitcoin, including the irreversibility of transactions and limitations on the mining of new Bitcoin. Proposals for upgrades and related discussions take place on online forums including GitHub.com and Bitcointalk.org. To the extent that a significant majority of the users and miners on the Bitcoin network install such software upgrade(s), the Bitcoin Network would be subject to new protocols and software that may adversely affect an investment in the Participating Shares referable to the applicable Class.

If a malicious actor or botnet obtains control of more than 50% of the processing power on the Bitcoin and other cryptocurrencies network, such actor or botnet could manipulate the blockchain to adversely affect an investment in the Participating Shares or the ability of the applicable Class to operate.

If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on the Bitcoin and other cryptocurrencies network, it may be able to alter the blockchain on which the Bitcoin and other cryptocurrencies network and most Bitcoin and other cryptocurrencies transactions rely by constructing fraudulent blocks or preventing certain transactions from completing in a timely manner, or at all. The malicious actor or botnet could control, exclude or modify the ordering of transactions, though it could not generate new Bitcoin and other cryptocurrencies or transactions using such control. The malicious actor could "double-spend" its own Bitcoin and other cryptocurrencies (i.e., spend the same Bitcoin and other cryptocurrencies in more than one transaction) and prevent the confirmation of other users' transactions for so long as it maintained control. To the extent that such malicious actor or botnet did not yield its control of the processing power on the Bitcoin and other cryptocurrencies network or the Bitcoin and other cryptocurrencies community did not reject the fraudulent blocks as malicious, reversing any changes made to the blockchain may not be possible.

Although there are no known reports of malicious activity or control of the blockchain achieved through controlling over 50% of the processing power on the network, it is believed that certain mining pools may have exceeded the 50% threshold. The possible crossing of the 50% threshold indicates a greater risk that a single mining pool could exert authority over the validation of Bitcoin and other cryptocurrencies transactions. To the extent that the Bitcoin and other cryptocurrencies ecosystem, including the core developers and the administrators of mining pools, do not act to ensure greater decentralization of Bitcoin and other cryptocurrencies mining processing power, the feasibility of a malicious actor obtaining control of the processing power on the Bitcoin and other cryptocurrencies Network will increase, which may adversely affect an investment in the Participating Shares referable to the applicable Class.

If the award of Bitcoin and other cryptocurrencies for solving blocks and transaction fees for recording transactions are not sufficiently high to incentivize miners, miners may cease expending processing power to solve blocks and confirmations of transactions on the blockchain could be slowed temporarily. A reduction in the processing power expended by miners on the Bitcoin and other cryptocurrencies Network could increase the likelihood of a malicious actor or botnet obtaining control.

If the award of new Bitcoin and other cryptocurrencies for solving blocks declines and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. Miners ceasing operations would reduce the collective processing power on the Bitcoin and other cryptocurrencies network, which would adversely affect the confirmation process for transactions (i.e., temporarily decreasing the speed at which blocks are added to the blockchain until the next scheduled adjustment in difficulty for block solutions) and make the Bitcoin and other cryptocurrencies network more vulnerable to a malicious actor or botnet obtaining control in excess of 50% of the processing

power on the Bitcoin and other cryptocurrencies network, which would allow such actor or botnet to manipulate the blockchain and hinder transactions. Any reduction in confidence in the confirmation process or processing power of the Bitcoin and other cryptocurrencies network may adversely affect an investment in the Participating Shares referable to the applicable Class.

If fees increase for recording transactions in the blockchain, demand for Bitcoin and other cryptocurrencies may be reduced and prevent the expansion of the Bitcoin and other cryptocurrencies network to retail merchants and commercial businesses, resulting in a reduction in the price of Bitcoin and other cryptocurrencies that could adversely affect an investment in the Participating Shares referable to the applicable Class.

As the number of Bitcoin and other cryptocurrencies awarded for solving a block in the blockchain decreases, the incentive for miners to contribute processing power to the Bitcoin and other cryptocurrencies network will transition from a set reward to transaction fees. In order to incentivize miners to continue to contribute processing power to the Bitcoin and other cryptocurrencies network, the Bitcoin and other cryptocurrencies network may either formally or informally transition from a set reward to transaction fees earned upon solving for a block. If miners demand higher transaction fees to recording transactions in the blockchain or a software upgrade automatically charges fees for all transactions, the cost of using Bitcoin and other cryptocurrencies may increase and the marketplace may be reluctant to accept Bitcoin and other cryptocurrencies as a means of payment. Existing users may be motivated to switch from Bitcoin and other cryptocurrencies to another digital currency or back to fiat currency. Decreased use and demand for Bitcoin and other cryptocurrencies may adversely affect their value and result in a reduction in the Bitcoin and other cryptocurrencies price and the price of the Participating Shares referable to the applicable Class.

To the extent that the profit margins of Bitcoin and other cryptocurrencies mining operations are not high, Bitcoin and other cryptocurrencies miners are more likely to immediately sell Bitcoin and other cryptocurrencies earned by mining in the Bitcoin and other cryptocurrencies exchange market, resulting in a reduction in the price of Bitcoin and other cryptocurrencies that could adversely affect an investment in the Participating Shares referable to the applicable Class.

Over the past several years, Bitcoin and other cryptocurrencies network mining operations have evolved from individual users mining with computer processors, graphics processing units and first generation ASIC (application-specific integrated circuit) machines. Currently, new processing power brought onto the Bitcoin and other cryptocurrencies network is predominantly added by incorporated and unincorporated “professionalized” mining operations. Professionalized mining operations may use proprietary hardware or sophisticated ASIC machines acquired from ASIC manufacturers. They require the investment of significant capital for the acquisition of this hardware, the leasing of operating space (often in data centers or warehousing facilities), incurring of electricity costs and the employment of technicians to operate the mining farms. As a result, professionalized mining operations are of a greater scale than prior Bitcoin and other cryptocurrencies network miners and have more defined, regular expenses and liabilities. These regular expenses and liabilities require professionalized mining operations to more immediately sell Bitcoin and other cryptocurrencies earned from mining operations on the Bitcoin and other cryptocurrencies exchange market, whereas it is believed that individual miners in past years were more likely to hold newly mined Bitcoin and other cryptocurrencies for more extended periods. The immediate selling of newly mined Bitcoin and other cryptocurrencies would increase the supply of Bitcoin and other cryptocurrencies on the Bitcoin and other cryptocurrencies exchange market, creating downward pressure on the price of Bitcoin and other cryptocurrencies.

The extent to which the value of Bitcoin and other cryptocurrencies mined by a professionalized mining operation exceeds the allocable capital and operating costs determines the profit margin of such operation. A professionalized mining operation may be more likely to sell a higher percentage of its newly mined Bitcoin and other cryptocurrencies rapidly if it is operating at a low profit margin, and it may partially or completely cease operations if its profit margin is negative. In a low profit margin environment, a higher percentage of the 1,600 to 2,000 new Bitcoin and other cryptocurrencies mined each day will be sold into the Bitcoin and other cryptocurrencies exchange market more rapidly, thereby reducing Bitcoin and other cryptocurrencies prices. Lower Bitcoin and other cryptocurrencies prices will result in further tightening of

profit margins, particularly for professionalized mining operations with higher costs and more limited capital reserves, creating a network effect that may further reduce the price of Bitcoin and other cryptocurrencies until mining operations with higher operating costs become unprofitable and remove mining power from the Bitcoin and other cryptocurrencies network. The network effect of reduced profit margins resulting in greater sales of newly mined Bitcoin and other cryptocurrencies could result in a reduction in the price of Bitcoin and other cryptocurrencies that could adversely affect an investment in the Participating Shares referable to the applicable Class.

To the extent that any miners cease to record transactions in solved blocks, transactions that do not include the payment of a transaction fee will not be recorded on the blockchain until a block is solved by a miner who does not require the payment of transaction fees. Any widespread delays in the recording of transactions could result in a loss of confidence in the Bitcoin and other cryptocurrencies network, which could adversely impact an investment in the Participating Shares referable to the applicable Class.

To the extent that any miners cease to record transactions in solved blocks, such transactions will not be recorded on the blockchain until a block is solved by a miner who does not require the payment of transaction fees. Currently, there are no known incentives for miners to elect to exclude the recording of transactions in solved blocks. However, to the extent that any such incentives arise (for example, a collective movement among miners or one or more mining pools forcing Bitcoin and other cryptocurrencies users to pay transaction fees as a substitute for, or in addition to, the award of new Bitcoin and other cryptocurrencies upon the solving of a block), miners could delay the recording and confirmation of a significant number of transactions on the blockchain. If such delays became systemic, it could result in greater exposure to double-spending transactions and a loss of confidence in the Bitcoin and other cryptocurrencies Network, which could adversely affect an investment in the Participating Shares referable to the applicable Class.

The acceptance of Bitcoin and other cryptocurrencies network software patches or upgrades by a significant, but not overwhelming, percentage of the users and miners in the Bitcoin and other cryptocurrencies network could result in a “fork” in the blockchain, resulting in the operation of two separate networks.

There is no official developer or group of developers that formally controls the Bitcoin and other cryptocurrencies network. Any individual can download the Bitcoin and other cryptocurrencies network software and make any desired modifications, which are proposed to users and miners on the Bitcoin and other cryptocurrencies network through software downloads and upgrades, typically posted to the Bitcoin and other cryptocurrencies development forum on GitHub.com. A substantial majority of miners and Bitcoin and other cryptocurrencies users must consent to such software modifications by downloading the altered software or upgrade; otherwise, the modifications do not become a part of the Bitcoin and other cryptocurrencies network. Since the Bitcoin and other cryptocurrencies network’s inception, modifications to the Bitcoin and other cryptocurrencies network have been accepted by the vast majority of users and miners, ensuring that the Bitcoin and other cryptocurrencies network remains a coherent economic system.

If, however, a proposed modification is not accepted by a vast majority of miners and users, but is nonetheless accepted by a substantial population of participants in the Bitcoin and other cryptocurrencies network, a “fork” in the blockchain could develop, resulting in two separate Bitcoin and other cryptocurrencies networks. Such a fork in the blockchain typically would be addressed by community-led efforts to merge the forked blockchains, and several prior forks have been so merged.

However, if a permanent fork were to occur, there is a remote possibility that Bitcoin and other cryptocurrencies would evolve into two slightly different versions. For example, in 2016, Ethereum, a digital currency, experienced a permanent fork in its blockchain that resulted in two slightly different versions of the digital currency. Community-led efforts to merge the blockchains were not successful and a small minority of Ethereum holders continued to support the old blockchain. This led to the development of two distinct blockchains that produced two slightly different versions of Ethereum: Ethereum and Ethereum Classic. Therefore holders of Ethereum Classic were given an equal number of the new Ethereum currency and therefore held equal numbers of Ethereum Classic and Ethereum when the fork became permanent.

If a permanent fork, similar to the one which occurred with respect to Ethereum, were to occur with respect to Bitcoin and other cryptocurrencies, the Fund on behalf of and for the account of the applicable Class would hold equal amounts of the original and the new Bitcoin and other cryptocurrencies as a result. In that event, subject to applicable law, the Investment Manager expects that it would, (i) select a Bitcoin and other cryptocurrencies network (and therefore a single version of Bitcoin and other cryptocurrencies) and (ii) simultaneously isolate the Bitcoin and other cryptocurrencies on the Bitcoin and other cryptocurrencies network that it did not select in order to segregate it from the Bitcoin and other cryptocurrencies the Fund would continue to hold. In that case, the Investment Manager's intention would be to distribute to its Shareholders the Bitcoin and other cryptocurrencies on the Bitcoin and other cryptocurrencies network that it did not select, with the result that the Fund would only hold one version of Bitcoin and other cryptocurrencies. It is uncertain whether the value of any such distribution of the Bitcoin and other cryptocurrencies on the Bitcoin and other cryptocurrencies network that the Investment Manager did not select would equal the change in the value of the Participating Shares referable to the applicable Class Shares resulting from such distribution. Consequently, a permanent fork could materially and adversely affect the value of the Participating Shares referable to the applicable Class.

Intellectual property rights claims may adversely affect the operation of the Bitcoin and other cryptocurrencies network and could cause the termination of the applicable Class.

Third parties may assert intellectual property rights claims relating to the operation of digital currencies and their source code relating to the holding and transfer of such assets. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in the Bitcoin and other cryptocurrencies network's long-term viability or the ability of end-users to hold and transfer Bitcoin and other cryptocurrencies may adversely affect an investment in the Participating Shares referable to the applicable Class. Additionally, a meritorious intellectual property rights claim could prevent the Fund and other end-users from accessing the Bitcoin and other cryptocurrencies network or holding or transferring their Bitcoin and other cryptocurrencies, which could force the Investment Manager to terminate the applicable Class and liquidate the Class's Bitcoin and other cryptocurrencies (if such liquidation of the Class's Bitcoin and other cryptocurrencies is possible). As a result, an intellectual property rights claim against the Fund or other large Bitcoin and other cryptocurrencies network participants could adversely affect an investment in the Participating Shares referable to the applicable Class.

The open-source structure of the Bitcoin and other cryptocurrencies network protocol means that the core developers and other contributors are generally not directly compensated for their contributions in maintaining and developing the Bitcoin and other cryptocurrencies network protocol. A failure to properly monitor and upgrade the Bitcoin and other cryptocurrencies network protocol could damage the Bitcoin and other cryptocurrencies network and an investment in the Participating Shares referable to the applicable Class.

The Bitcoin and other cryptocurrencies network operates based on an open-source protocol maintained by the core developers and other contributors, largely on the GitHub resource section dedicated to Bitcoin and other cryptocurrencies development. As the Bitcoin and other cryptocurrencies network protocol is not sold and its use does not generate revenues for its development team, the core developers are generally not compensated for maintaining and updating the Bitcoin and other cryptocurrencies network protocol. Consequently, there is a lack of financial incentive for developers to maintain or develop the Bitcoin and other cryptocurrencies network and the core developers may lack the resources to adequately address emerging issues with the Bitcoin and other cryptocurrencies network protocol. Although the Bitcoin and other cryptocurrencies network is currently supported by the core developers, there can be no guarantee that such support will continue or be sufficient in the future. To the extent that material issues arise with the Bitcoin and other cryptocurrencies network protocol and the core developers and open-source contributors are unable to address the issues adequately or in a timely manner, the Bitcoin and other cryptocurrencies network and an investment in the Participating Shares referable to the applicable Class may be adversely affected.

RISK FACTORS RELATED TO THE BITCOIN AND OTHER CRYPTOCURRENCIES EXCHANGE MARKET

The value of the Participating Shares referable to the applicable Class relates directly to the value of the Bitcoin and other cryptocurrencies held by the Fund on behalf of and for the account of the applicable Class and fluctuations in the price of Bitcoin and other cryptocurrencies could materially and adversely affect an investment in the Participating Shares referable to the applicable Class.

The price of Bitcoin and other cryptocurrencies has fluctuated widely over the past several years and may continue to experience significant price fluctuations. Several factors may affect the Bitcoin and other cryptocurrencies price, including, but not limited to:

- Global Bitcoin and other cryptocurrencies demand, which is influenced by the growth of retail merchants' and commercial businesses' acceptance of Bitcoin and other cryptocurrencies as payment for goods and services, the security of online Bitcoin and other cryptocurrencies Exchanges and digital wallets that hold Bitcoin and other cryptocurrencies, the perception that the use and holding of Bitcoin and other cryptocurrencies is safe and secure, the lack of regulatory restrictions on their use and the reputation of Bitcoin and other cryptocurrencies for illicit use;

- Global Bitcoin and other cryptocurrencies supply, which is influenced by similar factors as global Bitcoin and other cryptocurrencies demand, in addition to fiat currency needs by miners (for example, to invest in equipment or pay electricity bills) and taxpayers who may liquidate Bitcoin and other cryptocurrencies holdings around tax deadlines to meet tax obligations;

- Investors' expectations with respect to the rate of inflation of fiat currencies;

- Investors' expectations with respect to the rate of deflation of Bitcoin and other cryptocurrencies;

- Interest rates;

- Currency exchange rates, including the rates at which Bitcoin and other cryptocurrencies may be exchanged for fiat currencies;

- Fiat currency withdrawal and deposit policies of Bitcoin and other cryptocurrencies Exchanges and liquidity of such Bitcoin and other cryptocurrencies Exchanges;

- Interruptions in service from or failures of major Bitcoin and other cryptocurrencies Exchanges;

- Cyber theft of Bitcoin and other cryptocurrencies from online Bitcoin and other cryptocurrencies wallet providers, or news of such theft from such providers, or from individuals' Bitcoin and other cryptocurrencies wallets;

- Investment and trading activities of large investors, including private and registered funds, that may directly or indirectly invest in Bitcoin and other cryptocurrencies;
- Monetary policies of governments, trade restrictions, currency devaluations and revaluations;
- Regulatory measures, if any, that restrict the use of Bitcoin and other cryptocurrencies as a form of payment or the purchase of Bitcoin and other cryptocurrencies on the Bitcoin and other cryptocurrencies Market;
- The availability and popularity of businesses that provide Bitcoin and other cryptocurrencies-related services;
- The maintenance and development of the open-source software protocol of the Bitcoin and other cryptocurrencies Network;
- Increased competition from other forms of cryptocurrency or payments services;
- Global or regional political, economic or financial events and situations;
- Expectations among Bitcoin and other cryptocurrencies economy participants that the value of Bitcoin and other cryptocurrencies will soon change; and
- Fees associated with processing a Bitcoin and other cryptocurrencies transaction

If Bitcoin and other cryptocurrencies markets continue to be subject to sharp fluctuations, you may experience losses if you need to sell your Shares at a time when the price of Bitcoin and other cryptocurrencies is lower than it was when you made your prior investment. Even if you are able to hold Shares for the long-term, your Shares may never generate a profit, since Bitcoin and other cryptocurrencies markets have historically experienced extended periods of flat or declining prices, in addition to sharp fluctuations. In addition, investors should be aware that there is no assurance that Bitcoin and other cryptocurrencies will maintain their long-term value in terms of future purchasing power or that the acceptance of Bitcoin and other cryptocurrencies payments by mainstream retail merchants and commercial businesses will continue to grow. In the event that the price of Bitcoin and other cryptocurrencies declines, the Investment Manager expects the value of an investment in the Participating Shares to decline proportionately.

The value of Bitcoin and other cryptocurrencies as represented by the Bitcoin and other cryptocurrencies price may be subject to momentum pricing due to speculation regarding future appreciation in value, leading to greater volatility which could adversely affect an investment in the Participating Shares referable to the applicable Class

Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. The Bitcoin and other cryptocurrencies price is determined using data from various Bitcoin and other cryptocurrencies Exchanges, over-the-counter markets and derivative platforms. The Investment Manager believes that momentum pricing of Bitcoin and other cryptocurrencies has resulted, and may continue to result, in speculation regarding future appreciation in the value of Bitcoin and other cryptocurrencies, inflating and making the Bitcoin and other cryptocurrencies Price more volatile. As a result, Bitcoin and other cryptocurrencies may be more likely to fluctuate in value due to changing investor confidence in future appreciation or depreciation in the Bitcoin and other cryptocurrencies Price, which could adversely affect an investment in the Participating Shares referable to the applicable Class

The price of Bitcoin and other cryptocurrencies on public Bitcoin and other cryptocurrencies Exchanges has a limited history of less than seven years. During such history, Bitcoin and other cryptocurrencies prices on the Bitcoin and other cryptocurrencies Exchange Market as a whole, and on Bitcoin and other cryptocurrencies Exchanges individually, have been volatile and subject to influence by many factors including the levels of liquidity on Bitcoin and other cryptocurrencies Exchanges. Even the

largest Bitcoin and other cryptocurrencies Exchanges have been subject to operational interruption, limiting the liquidity of Bitcoin and other cryptocurrencies on the Bitcoin and other cryptocurrencies Exchange Market and resulting in volatile prices and a reduction in confidence in the Bitcoin and other cryptocurrencies Network and the Bitcoin and other cryptocurrencies Exchange Market.

The price of Bitcoin and other cryptocurrencies on public Bitcoin and other cryptocurrencies Exchanges may also be impacted by policies on or interruptions in the deposit or withdrawal of fiat currency into or out of larger Bitcoin and other cryptocurrencies Exchanges. On large Bitcoin and other cryptocurrencies Exchanges, users may buy or sell Bitcoin and other cryptocurrencies for fiat currency or transfer Bitcoin and other cryptocurrencies to other wallets. Operational limits (including regulatory, exchange policy or technical or operational limits) on the size or settlement speed of fiat currency deposits by users into Bitcoin and other cryptocurrencies Exchanges may reduce demand on such Bitcoin and other cryptocurrencies Exchanges, resulting in a reduction in the Bitcoin and other cryptocurrencies price on such Bitcoin and other cryptocurrencies Exchange. Operational limits (including regulatory, exchange policy or technical or operational limits) on the size or settlement speed of fiat currency withdrawals by users from Bitcoin and other cryptocurrencies Exchanges may reduce supply on such Bitcoin and other cryptocurrencies Exchanges, resulting in an increase in the Bitcoin and other cryptocurrencies price on such Bitcoin and other cryptocurrencies Exchange. To the extent that fees for the transfer of Bitcoin and other cryptocurrencies either directly or indirectly occur between Bitcoin and other cryptocurrencies Exchanges, the impact on Bitcoin and other cryptocurrencies prices of operational limits on fiat currency deposits and withdrawals may be reduced by "exchange shopping" among Bitcoin and other cryptocurrencies Exchange users. For example, a delay in U.S. Dollar withdrawals on one site may temporarily increase the price on such site by reducing supply (i.e., sellers transferring Bitcoin and other cryptocurrencies to another exchange without operational limits in order to settle sales more rapidly), but the resulting increase in price will also reduce demand because bidders on Bitcoin and other cryptocurrencies will follow increased supply on other Bitcoin and other cryptocurrencies Exchanges not experiencing operational limits. To the extent that users are able or willing to utilize or arbitrage prices between more than one Bitcoin and other cryptocurrencies Exchange, exchange shopping may mitigate the short-term impact on and volatility of Bitcoin and other cryptocurrencies prices due to operational limits on the deposit or withdrawal of fiat currency into or out of larger Bitcoin and other cryptocurrencies Exchanges.

Despite efforts to ensure accurate pricing on a volume-weighted basis, the Bitcoin and other cryptocurrencies Price, and the price of Bitcoin and other cryptocurrencies generally, remains subject to volatility experienced by the Bitcoin and other cryptocurrencies Exchanges. Such volatility can adversely affect an investment in the Participating Shares referable to the applicable Class.

Due to the unregulated nature and lack of transparency surrounding the operations of Bitcoin and other cryptocurrencies Exchanges, the marketplace may lose confidence in Bitcoin and other cryptocurrencies Exchanges, upon which the applicable Class is dependent.

The Bitcoin and other cryptocurrencies Exchanges on which the Bitcoin and other cryptocurrencies trade are relatively new and, in some cases, unregulated. Furthermore, while many prominent Bitcoin and other cryptocurrencies Exchanges provide the public with significant information regarding their ownership structure, management teams, corporate practices and regulatory compliance, many Bitcoin and other cryptocurrencies Exchanges (including several U.S. Dollar denominated Bitcoin and other cryptocurrencies Exchanges and many Chinese Yuan denominated Bitcoin and other cryptocurrencies Exchanges) do not provide this information. As a result, the marketplace may lose confidence in Bitcoin and other cryptocurrencies Exchanges, including prominent exchanges that handle a significant volume of Bitcoin and other cryptocurrencies trading.

Over the past seven years, some Bitcoin and other cryptocurrencies Exchanges have been closed due to fraud, business failure or security breaches. In many of these instances, the customers of such Bitcoin and other cryptocurrencies Exchanges were not compensated or made whole for the partial or complete losses of their account balances in such Bitcoin and other cryptocurrencies Exchanges. While smaller Bitcoin and other cryptocurrencies Exchanges are less likely to have the infrastructure and capitalization that make larger Bitcoin and other cryptocurrencies Exchanges more stable, larger Bitcoin and other cryptocurrencies Exchanges are more likely to be appealing targets for hackers and malware and

may be more likely to be targets of regulatory enforcement action.

A lack of stability in the Bitcoin and other cryptocurrencies Exchange Market and the closure or temporary shutdown of Bitcoin and other cryptocurrencies Exchanges due to fraud, business failure, hackers or malware, or government-mandated regulation may reduce confidence in the Bitcoin and other cryptocurrencies Network and result in greater volatility in the Bitcoin and other cryptocurrencies price. Furthermore, the closure or temporary shutdown of a Bitcoin and other cryptocurrencies Exchange used in calculating the Bitcoin and other cryptocurrencies price may result in a loss of confidence in the Fund's ability to determine its Bitcoin and other cryptocurrencies Holdings on a daily basis. These potential consequences of a Bitcoin and other cryptocurrencies Exchange's failure could adversely affect an investment in the Participating Shares referable to the applicable Class.

The impact of geopolitical or economic events on the supply and demand for Bitcoin and other cryptocurrencies is uncertain, but could motivate large-scale sales of Bitcoin and other cryptocurrencies, which could result in a reduction in the Bitcoin and other cryptocurrencies price and adversely affect an investment in the Participating Shares referable to the applicable Class.

As an alternative to fiat currencies that are backed by central governments, digital assets such as Bitcoin and other cryptocurrencies, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of Bitcoin and other cryptocurrencies either globally or locally. Large-scale sales of Bitcoin and other cryptocurrencies would result in a reduction in the Bitcoin and other cryptocurrencies price and could adversely affect an investment in the Participating Shares referable to the applicable Class.

Demand for Bitcoin and other cryptocurrencies is driven, in part, by its status as the most prominent and secure digital asset. It is possible that a digital asset other than Bitcoin and other cryptocurrencies could have features that make it more desirable to a material portion of the digital asset user base, resulting in a reduction in demand for Bitcoin and other cryptocurrencies, which could have a negative impact on the price of Bitcoin and other cryptocurrencies and adversely affect an investment in the Participating Shares referable to the applicable Class.

The Bitcoin and other cryptocurrencies Network and Bitcoin and other cryptocurrencies, as an asset, hold a "first-to-market" advantage over other digital assets. This first-to-market advantage is driven in large part by having the largest user base and, more importantly, the largest combined mining power in use to secure the blockchain and transaction verification system. See "Overview of the Bitcoin and other cryptocurrencies Industry and Market—Cryptographic Security Used in the Bitcoin and other cryptocurrencies Network." Having a large mining network results in greater user confidence regarding the security and long-term stability of a digital asset's network and its blockchain; as a result, the advantage of more users and miners makes a digital asset more secure, which makes it more attractive to new users and miners, resulting in a network effect that strengthens the first-to-market advantage.

Despite the marked first-mover advantage of the Bitcoin Network over other digital assets, it is possible that an altcoin could become materially popular due to either a perceived or exposed shortcoming of the Bitcoin Network protocol that is not immediately addressed by the Core Developers or a perceived advantage of an altcoin that includes features not incorporated into Bitcoin. If an altcoin obtains significant market share (either in market capitalization, mining power or use as a payment technology), this could reduce Bitcoin's market share and have a negative impact on the demand for, and price of, Bitcoin.

Illiquid Investments. The Fund may invest in securities and other assets, which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and the Fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. The Fund may not be able to readily dispose of

such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. An investment in the Fund is suitable only for certain sophisticated investors who do not require immediate liquidity for their investments.

Futures, Commodities, and Derivative Investments. The prices of commodities contracts and derivative instruments, including futures and options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of commodities, futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the commodities underlying them. In addition, the Fund's assets are also subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearinghouses or counterparties.

The Fund may buy or sell (write) both call options and put options, and when they write options, it may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the same class and amount as those to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. The Fund's option transactions may be part of a hedging strategy (i.e., offsetting the risk involved in another securities position) or a form of leverage, in which the Fund has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be substantial, depending on the circumstances.

In general, without taking into account other positions or transactions the Fund may enter into, the principal risks involved in options trading can be described as follows: When the Fund buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of their investment in the option (including commissions). The Fund could mitigate those losses by selling short, or buying puts on, the securities for which it holds call options, or by taking a long position (e.g., by buying the securities or buying calls on them) in securities underlying put options.

When the Fund sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is "covered." If it is covered, the Fund would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Fund might suffer as a result of owning the security. Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty, market risk, liquidity risk and operations risk.

Futures Trading is Volatile and Speculative. Futures markets are highly volatile. Futures contracts, are influenced by, among other things, changing supply and demand relationships, governmental actions, agricultural and commercial trade programs and policies, national and international political events, national and international economic events, weather and other natural occurring phenomena, and prevailing psychological characteristics of the marketplace.

Futures Trading May Be Highly Leveraged. The margin deposit required to enter into a futures position is typically 2-15% of the total value of the futures contract. As a result, if the Fund's account is margined, a relatively small price movement in a commodity futures contract may result in a loss to the investor equal to or substantially greater than the amount of the deposit. Combined with the volatility of futures prices, the leveraged nature of futures trading can cause futures traders to sustain large and sudden losses of their capital. When the market value of a particular open position changes to a point where the margin on deposit in a participating Fund's account does not satisfy the applicable maintenance margin

requirements imposed by the Fund's futures commission merchant ("FCM"), the Fund, and not the Investment Manager, will receive a margin call from the FCM. If the Fund does not satisfy the margin call within a reasonable time (which may be as brief as a few hours), the FCM will close out the Fund's position, and depending on the margin call's severity, may close the Fund's account as well.

Futures Markets May Be Illiquid. Most United States futures and commodities exchanges place limits on commodities and futures contract price fluctuations during a single trading day. These regulations are referred to as "daily price fluctuation limits" or "daily limits." During a single trading day, no trades may be executed at prices beyond the daily limit established, in advance, by the futures or commodities exchanges. Once the price of a futures contract has increased or decreased by an amount equal to, or greater than, the daily limit, positions in the commodities or futures contract cannot be initiated or sold unless traders are willing to affect trades at or within the daily price limit. In the past, futures and commodities prices have moved the daily limit for several consecutive days with little or no trading. Similar occurrences in the future could prevent the Investment Manager from promptly liquidating the Fund's unfavorable positions and could subject the Fund to substantial losses.

Failure of Futures Commission Merchants. Under the U.S. Commodity Exchange Act, futures commission merchants are required to maintain customers' assets in a segregated account. To the extent that the Fund engages in futures and options contract trading and the futures commission merchants with which the Fund maintains accounts fail to so segregate the Fund's assets, the Fund will be subject to a risk of loss in the event of the bankruptcy of any of its futures commission merchants. Even if the FCM properly segregates the Fund's assets, the Fund may still be subject to the risk of loss of the funds on deposit with the FCM should another customer of the FCM or the FCM itself fail to satisfy deficiencies in such other customers' accounts. In certain circumstances, the Fund might be able to recover, even with respect to property specifically traceable to the Fund, only a pro rata share of all property available for distribution to a bankrupt futures commission merchant's customers.

Risk of Default of Exchanges. Exchange-traded futures contracts are utilized by the Investment Manager, and although these exchanges are highly regulated and have never experienced a default in the past, there is a risk that these exchanges could fail to perform in clearing executed transactions.

Trading on Foreign Commodity Exchanges. The Fund may trade on exchanges located outside the United States. While some foreign exchanges, in contrast to domestic exchanges, are "principals' markets" in which performance with respect to a contract is the responsibility only of the individual member with whom the trader has entered into the contract and not of the exchange or its clearinghouse, if any, the Investment Manager does not expect that it would trade on an exchange subject to the risks of a principals market. The Fund may not have the same access to certain trades as do various other participants in foreign markets.

Moreover, as the Fund's account would be denominated in United States dollars, with respect to trading on foreign markets the Fund will be subject to the risk of fluctuation in the exchange rate between the local currency and dollars and to the possibility of exchange controls. Unless the Investment Manager hedges the Fund's account against fluctuations in exchange rates between the United States dollar and currencies in which trading is done on foreign exchanges, any profits the Fund might realize in such trading could be eliminated as a result of adverse changes in exchange rates and a participating customer could even incur losses as a result of any such changes.

Trading on foreign exchanges is not regulated by the CFTC or any other United States governmental agency and may involve certain risks not applicable to trading on United States exchanges, such as risks of fluctuations in the exchange rate between the currency of the locale of the foreign exchange and United States dollars, exchange controls, expropriation, burdensome or confiscatory taxation, moratoriums, or political or diplomatic events.

Foreign Exchange (Forex) Trading. The off-exchange spot foreign exchange ("Forex") market is the place where currencies are traded. The Forex market is very loosely regulated and there is no central marketplace for currency exchange, rather, trade is conducted over-the-counter in the "Interbank Market."

Positions which are traded on the Forex market can have inherent leverage and accordingly, such positions can carry some degree of risk and can result in a loss of all or substantially all of the assets placed in the margin account.

Failure of Forex Dealer. In the event of a bankruptcy of a Forex dealer which is not subject to certain segregation requirements, the Fund may be unable to recover assets held at such Forex dealer. Additionally, the Fund's assets may not be provided the protection of segregated customer funds or property under the Commodity Exchange Act or CFTC requirements including the CFTC's Part 190 Bankruptcy Rules. Therefore, in the event of bankruptcy, assets held at such a forex dealer, including assets directly traceable to the Fund's account, may not be recoverable.

Forward Contracts. The Fund may invest in forward contracts and options thereon which, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. Disruptions can occur in any market traded by the Fund due to political intervention or other factors. The imposition of controls by government authorities might also limit such forward (and futures) trading to the possible detriment of the Fund. Market illiquidity or disruption could result in major losses to the Fund.

Highly Volatile Markets. The prices of financial instruments in which the Fund may invest can be highly volatile. Price movements of forward and other derivative contracts in which the Fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Fund is subject to the risk of failure of any of the exchanges on which their positions trade or of its clearinghouses.

Use of Leverage and Financing. The Fund may leverage its capital because the Investment Manager believes that the use of leverage may enable the Fund to achieve a higher rate of return. Accordingly, the Fund may pledge its securities in order to borrow additional funds for investment purposes. The Fund may also leverage its investment return with options, short sales, swaps, forwards and other derivative instruments. The amount of borrowings which the Fund may have outstanding at any time may be substantial in relation to its capital. There is no limit on the Fund's ability to borrow or use leverage. While leverage presents opportunities for increasing the Fund's total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by the Fund would be magnified to the extent the Fund is leveraged. The cumulative effect of the use of leverage by the Fund in a market that moves adversely to the Fund's investments could result in a substantial loss to the Fund which would be greater than if the Fund were not leveraged. The use of short-term margin borrowings results in certain additional risks to the Fund. For example, should the securities pledged to brokers to secure the Fund's margin accounts decline in value, the Fund could be subject to a "margin call", pursuant to which the Fund must either deposit additional funds or securities with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to satisfy its margin requirements. The Fund may borrow by entering into reverse repurchase agreements. Under a reverse repurchase agreement, the Fund sells securities and agrees to repurchase them at a mutually agreed date and price. Reverse repurchase agreements may involve the risk that the market value of the securities retained in lieu of sale by the Fund may decline below the price of the securities the Fund has sold but is obligated to repurchase. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, such buyer or its trustee or receiver may receive an extension of time to determine whether to enforce the Fund's obligation to repurchase the securities and the Fund's use of the proceeds of the reverse repurchase agreement may effectively be restricted pending such decision. To the extent that, in the meantime, the value of the securities that the Fund has purchased has decreased, the Fund could experience a loss. The financing used by the Fund to leverage their portfolio is extended by securities brokers and dealers in the marketplace in which the Fund invests. While the Fund attempts to negotiate the terms of these financing arrangements with such brokers and dealers, its ability to do so is limited. The Fund is therefore subject to changes in the value that the broker-dealer ascribes to a given security or position, the amount of margin required to support such security or position, the

borrowing rate to finance such security or position and/or such broker-dealer's willingness to continue to provide any such credit to the Fund. Because the Fund currently has no alternative credit facility which could be used to finance its portfolio in the absence of financing from broker-dealers, it could be forced to liquidate its portfolio on short notice to meet its financing obligations. The forced liquidation of all or a portion of the Fund's portfolio at distressed prices could result in significant losses to the Fund.

Hedging Transactions. The Investment Manager is not required to attempt to hedge portfolio positions in the Fund and, for various reasons, may determine not to do so. Furthermore, the Investment Manager may not anticipate a particular risk so as to hedge against it. The Fund may utilize financial instruments, both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of the Fund's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Fund's unrealized gains in the value of the Fund's investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Fund's portfolio; (v) hedge the interest rate or currency exchange rate on any of the Fund's liabilities or assets; (vi) protect against any increase in the price of any securities the Fund anticipate purchasing at a later date; or (vii) for any other reason that the Investment Manager deems appropriate. The success of the Fund's hedging strategy is subject to the Investment Manager's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Fund's hedging strategy is also subject to the Investment Manager's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner. While the Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Fund than if it had not engaged in any such hedging transactions. For a variety of reasons, the Investment Manager may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Fund from achieving the intended hedge or expose the Fund to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Fund's portfolio holdings.

Derivatives and Hedging. The Fund may invest and trade in a variety of derivative instruments, both to hedge the Fund's portfolio and for profit. Derivatives are financial instruments or arrangements in which the risk and return are related to changes in the value of other assets, reference rates or indices. The Fund's ability to profit or avoid risk through investment or trading in derivatives will depend on the Investment Manager's ability to anticipate changes in the underlying assets, reference rates or indices.

Short Selling. Short selling involves selling securities which are not owned and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the Fund engages in short sales depends upon the Investment Manager's investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying those securities to cover the short position. There can be no assurance that the Fund will be able to maintain the ability to borrow securities sold short. In such cases, the Fund can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position are available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Limited Diversification. The Memorandum and Articles of Association does not limit the amount of the Fund's capital that may be committed to any single investment, industry or sector. At any given time, it is therefore possible that the Investment Manager may select investments that are concentrated in a limited number or types of investments. This limited diversity could expose the Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those investments.

Non-U.S. Securities. Investments in securities of non-U.S. issuers pose a range of potential risks

which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers, and non-U.S. issuers may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. issuers. Transaction costs of investing in non-U.S. securities markets are generally higher than in the U.S. There is generally less government supervision and regulation of exchanges, brokers and issuers than there is in the United States. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The Fund might have greater difficulty taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the Fund's performance.

Emerging Markets. In addition to the risks associated with investments outside of the United States, investments in emerging markets (i.e., the developing countries) may involve additional risks. Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported. The issuers of some of non-U.S. securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. Custodial expenses for a portfolio of emerging markets securities generally are higher than for a portfolio of securities of issuers based in developed countries. Many of the laws that govern private and foreign investments, securities transactions, creditors' rights and other contractual relationships in non-U.S. countries, particularly in developing countries, are new and largely untested. As a result, the Fund may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets, and lack of enforcement of existing regulations. Regulatory controls and corporate governance of companies in developing countries may confer little protection for investors. Anti-fraud and anti-insider trading legislation is often rudimentary. The concept of fiduciary duty is also limited when compared to such concepts in developed country markets. In certain instances, management may take significant actions without the consent of investors. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Fund and its operations. Furthermore, it may be difficult to obtain and enforce a judgment in certain of non-U.S. countries in which assets of the Fund are invested.

Counterparty Risk. Some of the markets in which the Fund may effect its transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange–based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. The Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, the Fund has no internal credit function that evaluates the creditworthiness of their counterparties. The ability of the Fund to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded

on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Fund due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of the Fund. Market illiquidity or disruption could result in major losses to the Fund.

Terrorist Action. There is a risk of terrorist attacks on the United States and elsewhere causing significant loss of life and property damage and disruptions in global markets. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity.

Risks of Non-U.S. Investments.

(a) *Generally.* The Fund invests in non-U.S. securities which may be denominated in U.S. or non-U.S. currencies, and uses forward non-U.S. currency exchange contracts, which involve unusual risks not typically associated with investing in U.S. securities. These risks include, but are not limited to, less public information available regarding non-U.S. issuers, limited liquidity of non-U.S. securities and political risks associated with the countries in which non-U.S. Securities are traded and the countries where non-U.S. issuers are located. Individual non-U.S. economies may differ unfavorably from the U.S. economy in gross national product growth, inflation rate, savings rate and capital reinvestment, resource self-sufficiency and balance of payments positions, and in other respects. The Fund may invest in securities of non-U.S. governments (or agencies or subdivisions thereof), and some or all of the foregoing considerations also may apply to those investments.

(b) *Developing Countries.* The risks of non-U.S. investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by developing countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

(c) *Political Risks.* Many of the non-U.S. companies in which the Fund invests, directly or indirectly, may be particularly exposed to the risk of political change and governmental action. In some non-U.S. countries, there is the possibility of expropriation or confiscatory taxation, limitations on removing funds or other Fund assets, political or social instability, or diplomatic developments that could materially and adversely affect the value and marketability of the Fund's investments in those countries.

(d) *Non-U.S. Investment Limitations.* Some of the countries in which the Fund invests, directly or indirectly, may have laws and regulations that currently preclude or severely restrict direct non-U.S. investment in securities of their companies. Indirect non-U.S. investment may, however, be permitted through investment funds that have been specifically authorized for that purpose. Because of the limited number of authorizations granted in such countries, however, units or shares in most of the investment funds authorized in those countries may at times trade at a substantial premium over the value of their underlying assets. There can be no certainty that these premiums will be maintained and if the restrictions on direct non-U.S. investment in the relevant country were significantly liberalized, premiums might be reduced, eliminated altogether or turned into a discount.

(e) *Non-U.S. Securities Regulation.* The securities of non-U.S. issuers held by the Fund

generally are not registered under, nor are the issuers thereof subject to the reporting requirements of, U.S. securities laws and regulations. Accordingly, there may be less publicly available information about these securities and about the non-U.S. company or government issuing them or the board of trade clearing them than is available about a U.S. company, government entity or board of trade. Non-U.S. companies and boards of trade generally are not subject to accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to U.S. companies. Further, government supervision of stock exchanges, boards of trade, securities brokers and issuers of securities is generally less stringent than supervision in the U.S. The investments also may be subject to withholding taxes imposed by the applicable country's taxing authority.

(f) *Limited Liquidity of Non-U.S. Securities.* Securities of some non-U.S. companies are less liquid and their prices are more volatile than comparable U.S. companies. Investing in non-U.S. securities creates a greater risk of securities clearance and settlement problems.

(g) *Non-U.S. Currency Risks.* The Fund holds cash in U.S. Dollars to meet expenses and may hold cash in other currencies for hedging or investment purposes or to meet settlement requirements for non-U.S. securities. The Fund may be affected unfavorably by exchange control regulations or changes in the exchange rate between such currencies and the U.S. Dollar. Changes in non-U.S. currency exchange rates influence values within the Fund's portfolio from the perspective of U.S. investors. Changes in non-U.S. currency exchange rates also may affect the value of dividends and interest earned, gains and losses realized on the sale of securities and the Fund's net investment income and gains, if any. The exchange rate between the U.S. Dollar and other currencies is determined by the forces of supply and demand in the non-U.S. exchange markets. These forces are affected by the international balance of payments and other economic and financial conditions, government intervention and other political and diplomatic conditions, speculation and other factors.

FUND RISKS

Investment in the Master Fund. Substantially all of the Fund's assets are invested in the Master Fund in which, other funds managed by the Investment Manager ("Three Arrows Funds") invest, in particular, without limiting the foregoing generality, a Delaware Limited Partnership with the substantially the same investment strategy as the Fund also invests in the Master Fund. Combining the assets of the Fund and such other Three Arrows Funds has certain economies of scale, but also involves various costs and risks. Costs may include liquidation costs shared by all investors in the Master Fund due to the Master Fund liquidating positions in order to fund a redemption by one investor or group of investors.

Master-Feeder Structure. The Fund generally intends to invest through a "master-feeder" structure. The "master-feeder" fund structure presents certain unique risks to investors. For example, a smaller feeder fund investing in the Master Fund, may be materially affected by the actions of a larger feeder fund investing in the Master Fund. If a larger feeder fund redeems its shares of the Master Fund a remaining feeder fund may experience higher *pro rata* operating expenses, thereby producing lower returns. The Master Fund may become less diverse due to a redemption by a larger feeder fund, resulting in increased portfolio risk. The Master Fund is a single entity and creditors of the Master Fund may enforce claims against all assets the Master Fund.

The Fund may enter into an arrangement with other investment funds managed by the Investment Manager with the same or substantially similar investment objectives as the Fund's to either allow other funds to contribute their assets to the Fund to invest, or to pursue its investment activities by investing all or a portion of its assets in the Master Fund that will conduct the investment activities described in this Memorandum.

Risk of Asset Growth. If the assets that the Investment Manager and its Affiliates manage grow significantly, it may adversely affect the Fund's investment performance. It becomes more difficult to find attractive investment opportunities as the amount of assets that the Investment Manager must invest increases. In this event, the Investment Manager may find it necessary to invest in a greater number of positions than it currently intends, which could dilute its focus on individual positions, impair its ability to monitor existing and potential investments, and result in investments in positions that it otherwise would not

select. In addition, with greater assets to invest, it will be increasingly difficult for the Fund to make investments large enough to be meaningful to their overall portfolios.

Illiquidity of Shares. An investment in the Fund is relatively illiquid and is not suitable for an investor who needs liquidity. There is no public market for Shares (nor is any public market expected to develop for such Shares) and the Memorandum and Articles of Association impose significant limitations on Shareholders' abilities to transfer Shares. In addition, rights to redeem funds from the Fund are subject to several limitations. The Investment Manager may consent (or, in its sole and absolute discretion, decline to consent) to deviations from one or more of the procedures or limitations regarding redemptions. The Investment Manager has the discretion to cause the Fund to deliver amounts redeemed in-kind rather than cash. The securities so delivered may be relatively illiquid and the Shareholder would bear the risk of a decline in their value after the effective time of his or her redemption. These facts, taken together, will significantly affect the liquidity of a Shareholder's investment in the Fund.

Risks Associated With Incentive Allocation. The Incentive Allocation could encourage the Investment Manager to make investments on behalf of the Fund that are riskier or more speculative than it would if it was receiving only a flat fee. Further, the Investment Manager will receive Incentive Allocations as to unrealized gains that may never be realized and will *not* return an Incentive Allocation paid for a period in which there is a Net Profit, even if in a subsequent period the Fund does not earn a Net Profit or suffers a Net Loss. As a result, the Incentive Allocation may be greater than it would be if it were based solely on realized gains*.*

Effect of Substantial Redemptions. Substantial redemptions by Shareholders within a short period of time could require or result in the liquidation of investment positions more rapidly than would otherwise be desirable, possibly reducing the value of the Fund's assets and/or disrupting the Investment Manager's investment strategy. Reduction in the size of the Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses. The Investment Manager may permit some Shareholders to have access to more information about the Fund's investments, or to obtain information more rapidly, than Shareholders generally. In addition, redemptions by investors in other investment vehicles or accounts managed by the Investment Manager, some of which may have more advantageous information and/or liquidity rights than those provided to Shareholders, could adversely affect the value of portfolio positions held by the Fund.

Potential Mandatory Redemption. The Directors may, in their sole discretion at any time, require a Shareholder to redeem all or a portion of his or her Shares. Such a mandatory redemption could result in adverse tax and/or economic consequences to such Shareholder.

Cross Class Liability. For accounting purposes, each Class and Series of shares will represent a separate account and will be maintained with separate accounting records. However, this arrangement is binding only as between the Shareholders and not on an outside creditor of the Fund, who deals with the Fund as a corporate whole. Thus, all of the assets of the Fund may be available to meet all of the liabilities of the Fund, regardless of any separate portfolio to which such assets or liabilities are attributable. In practice, cross class liability will usually only arise in situations in which any Class becomes insolvent or exhausts its assets and is unable to meet all of its liabilities.

OTHER RISKS

Tax Considerations. For a more detailed discussion of the income tax considerations associated with an investment in the Fund, *see* the discussion below under "Tax Considerations."

Investment Company Regulation. The Fund relies on either Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act to avoid requirements that the Fund register as an "investment company" under, and comply with the substantive provisions of, the Investment Company Act. If the Fund were required to be registered as an investment company, the Investment Company Act would require, among other things, that the Fund have a board of directors, some of whom were unrelated to the Investment Manager, compel certain custodial arrangements and regulate the relationship and transactions between

the Fund and the Investment Manager. Compliance with some of those provisions could possibly reduce certain risks of loss, although such compliance could significantly increase the Fund's operating expenses and limit the Fund's investment and trading activities. Interpretations of Section 3(c)(1) and Section 3(c)(7) are complex and uncertain in several respects and, as a result, there can be no assurance that the Fund will remain entitled to rely on that Section. If the Fund were found not to have been entitled to such reliance, the Fund and the Investment Manager could be subject to legal actions by the SEC and others and the Fund could be forced to terminate its business under adverse circumstances.

Private Offering Exemption. The Fund offers Shares on a continuing basis without registration under the Securities Act in reliance on an exemption for "transactions by an issuer not involving any public offering," and without registration or qualification of the Shares under state laws in reliance on a related exemption. While the Investment Manager believes reliance on such exemptions is justified, there can be no assurance that factors such as the manner in which offers and sales are made, concurrent offerings by other Funds, the scope of disclosure provided, failures to file notices or renewals of claims for exemption, or changes in applicable laws, regulations, or interpretations will not cause the Fund to fail to qualify for such exemptions under federal or one or more states' laws. Failure to so qualify could result in the rescission of sales of Shares at prices higher than the current value of those Shares, potentially materially and adversely affecting the Fund's performance and business. Further, even non-meritorious claims that offers and sales of Shares were not made in compliance with applicable securities laws could materially and adversely affect the Investment Manager's ability to conduct the Fund's business.

Possibility of Additional Government or Market Regulation. Market disruptions, the dramatic increase in the capital allocated to alternative investment strategies during recent years, and the growing concern about the lack of regulation of private investment funds, have led to increased governmental as well as self-regulatory scrutiny of the private investment fund industry in general. Certain legislation proposing greater regulation of the industry periodically is considered by U.S. federal, state and local and non-U.S. governments, regulatory or administrative agencies, self-regulatory organizations or other similar entities. It is impossible to predict what, if any, changes in the regulations applicable to the Fund, the Investment Manager, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. Any such regulation could have a material adverse impact on the profit potential of the Fund, as well as require increased transparency as to the identity of the Shareholders. The financial services industry generally, and certain investment activities of private investment funds similar to the Fund, and their managers, in particular, have been subject to intense and increasing regulatory scrutiny.

Additional governmental scrutiny may increase the Fund's, and the Investment Manager's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight, enhanced regulation and the adoption of new statutes, rules or regulations with respect to the investment activities of the Fund may also reduce the amount and availability of the investment opportunities of the Fund. The reduction of such investment opportunities could have a material and adverse effect on the investment performance of the Fund. Such increased regulatory oversight and regulation may also impose additional administrative burdens on and the Investment Manager and such regulatory proposals, or any future proposals, if adopted could adversely affect the Fund, including the business, financial condition and prospects of the Fund, and could also require increased transparency as to the identity of the Shareholders.

Other Laws and Regulations. The Fund and the Investment Manager are subject to various other securities and similar laws and regulations that could limit some aspects of the Fund's operations or subject the Fund or the Investment Manager to the risk of sanctions for noncompliance.

Foreign Account Tax Compliance Act. The Foreign Account Tax Compliance Act (FATCA) was introduced by the United States in 2010 as part of the HIRE Act with the purpose of reducing tax evasion by their citizens. FATCA requires certain financial institutions outside the US, such as the Fund, to report information on financial accounts held by Specified US Persons (as defined in FATCA) to the Internal Revenue Service (IRS).

Where financial institutions outside the US, such as the Fund, do not comply with the US

Regulations, a 30% withholding tax is imposed on US source income of that financial institution, both on its own US investments and on those held on behalf of its customers. In certain cases, financial institutions may also be required to close accounts where Specified US Persons do not provide the necessary information.

Under the BVI - US Intergovernmental Agreement adopted to implement FATCA, to avoid the imposition of a 30% withholding on US source payments, the Fund may need to register with the IRS and obtain a Global Intermediary Identification Number (GIIN) as well as gather and report certain information to the British Virgin Islands International Tax Authority on any Specified US Persons investing in the Fund as set out in FATCA.

The Fund intends to comply with its obligations under FATCA and, if deemed necessary by the Directors, will register with the IRS for a GIIN (or otherwise comply) to insure that it is identified as FATCA compliant and will avoid any withholding on US sourced income. Furthermore, in limited circumstances, the Fund may be required to impose a 30% withholding on all or a portion of payments to be made to shareholders in situations where the Shareholder fails to provide required information or the other situations as specified in FATCA.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Prospective Shareholders should read the entire Memorandum and consult with their own advisers before deciding to subscribe for Shares.

8. OFFERING OF SHARES; ADDITIONAL SUBSCRIPTIONS

The Fund engages in a continuous offering of non-voting participating redeemable shares ("Shares") in the Fund. Shares will be offered for sale generally as of the first business day of each month (or at such other times as the Fund may allow; each, an "Issue Date") in multiple series ("Series") initially at $1,000 per Share. With respect to the Class Starry Night Shares and Class Starry Night November Shares, Participating Shares will be offered for sale initially at US$1.00 per Participating Share.

Shares are offered only to non-"U.S. Persons" and a limited number of U.S. Persons that are ((i) "accredited investors" within the meaning of certain regulations under the U.S. Securities Act of 1933, as amended (the "Securities Act"), (ii) "qualified clients" within the meaning of certain regulations under the Investment Advisers Act of 1940, and (iii) exempt from U.S. federal income taxation. The Fund reserves the right to impose additional requirements for subscription by particular types of Shareholders and Shareholders resident in particular jurisdictions, and may decline to accept the subscription of any prospective Shareholder.

Each eligible investor must also represent that it is a "Professional Investor" within the meaning of the Securities and Investment Business Act, 2010 of the British Virgin Islands ("SIBA"). A "Professional Investor" is any person: (a) whose ordinary business involves, whether for his own account or the accounts of others, the acquisition or disposal of property of the same kind as the property, or a substantial part of the property, of the Fund; or (b) who has signed a declaration that he, whether individually or jointly with his spouse, has net worth in excess of one million dollars in the United States currency or its equivalent in any other currency and that he consents to being treated as a Professional Investor.

Shares will be offered for sale on the first Business Day of each month or at such other times as the Directors, in their sole discretion, may allow. Subject to the discretion of the Directors, subscriptions for shares may be permitted at other times. Subscriptions received will be held in a subscription account of the Fund until such date as the sale of the subject Shares is to be effected. The Directors may, in their discretion, reject any subscriptions. Further with the consent of the Directors investors may be allowed to exchange or convert their existing Shares to other classes of Shares that may be offered by the Fund. Such conversions to other Classes of Shares may take place at the option of the Fund, without Shareholder consent. Exchanges and conversions will be effected by notional redemption and re-subscription.

The minimum initial subscription is US$100,000 and the minimum additional subscription is US$20,000, subject to the sole discretion of the Directors to accept lesser amounts, but in no event shall the minimum initial amount be less than US$100,000. With respect to the Class Starry Night Shares and

Class Starry Night November Shares, the minimum initial subscription for accredited investors is US$100,000 and US$250,000 for institutional investors, subject to waiver at the discretion of the Fund.

Unless otherwise stated in this Memorandum, payment for Participating Shares must be made in cash by electronic transfer, net of bank charges, and is due in cleared funds in the operational currency of the Class being subscribed.

Participating Shares with respect to the Class Warbler A Shares, Class Warbler B Shares, Class DeFiance Shares, Class Starry Night Shares and Class Starry Night November Shares may be issued for non-cash consideration by way of Cryptosubscription), in the sole discretion of the Fund, in consultation with the Investment Manager and Administrator. Such consideration will be valued by reference to the valuation principles applied in the calculation of the Net Asset Value for Cryptosubscription (but subject to the deduction of such sum (if any) as the Fund or Investment Manager consider represents an appropriate provision for any fiscal, transfer, registration or other charges, fees or duties associated with the vesting of the non-cash consideration received). No Cryptosubscriptions or other non-cash consideration will be accepted unless the Fund or Investment Manager are satisfied that the terms of the transfer of such consideration do not materially prejudice the existing Shareholders of the Fund.

Upon receiving an application for non-cash subscription including Cryptosubscription, the Fund or Investment Manager will provide a wallet to subscribers. At least five (5) Business Days prior to the Subscription Day, subscribers should undertake a test transfer of a nominal amount of Digital Assets to the Administrator or the Fund, as directed by the Fund or Investment Manager. Upon confirmation from the Administrator or the Fund that the test amount has been received, subscribers should transfer an amount of Digital Assets that equals to the remainder of the relevant subscription price.

The acceptance of subscriptions is subject to confirmation of the prior receipt of cleared funds credited to the Fund's subscription account or Digital Assets transferred to the Fund's wallet (in the case of Cryptosubscription), as provided in the Subscription Agreement, and the receipt of completed Subscription Agreement in a form acceptable to the Fund.

Cryptosubscriptions made by way of Digital Assets will be valued at its last traded price or last published closing price as at or immediately preceding the Valuation Day, or any price which the Fund or Investment Manager determines providing the fairest criteria in ascribing a value to such Digital Asset.

Cryptosubscriptions are only accepted for USDC and other Digital Assets as determined by the Fund and Investment Manager in their sole discretion.

Although the Subscription Agreement may be sent by facsimile, prospective investors should be aware of the risks associated with sending documents in this manner. The prospective investor bears the risk of the Subscription Agreement not being received or being illegible. Subscription monies will not be available to participate in the Fund until the original Subscription Agreement is received at the offices of the Administrator. The Administrator will not be responsible in the event any Subscription Agreement sent by facsimile is not received or is illegible.

There will be no sales charges payable by or to the Fund or the Investment Manager in connection with the offering of Shares.

In providing services to the Fund, neither the Investment Manager nor the Directors acts as guarantor or offer or of the Shares.

9. REDEMPTIONS; DISTRIBUTIONS

Redemptions of Shares. Shares may be redeemed by a Shareholder as of any calendar month end, subject to reserves or holdbacks, as described below. Redemptions will require 50 days' prior written notice to the Directors (subject to the discretion of the Directors to waive such notice and permit redemptions at other times).

In respect of the Class DeFiance Shares, Shares may be redeemed by a Shareholder only after 18 calendar months upon the subscription of the Shares. Shareholders of Class DeFiance can only redeem 25% of its full shareholding for each redemption period. It will take 4 redemptions for Class DeFiance Shareholders to fully redeem their Shares. Shareholders of Class DeFiance can only redeem their Shares once every 3 calendar months.

In respect of the Class Warbler A Shares and Class Warbler B Shares, Shares may be redeemed by a Shareholder as of each Redemption Day, subject to reserves or holdbacks, as described below. Redemptions of the Class Warbler A Shares and Class Warbler B Shares will require 15 days' prior written notice (subject to the discretion of the Fund to waive such notice and permit withdrawals at other times).

In respect of the Class Starry Night Shares, Shares may be redeemed by a Shareholder only after 72 calendar months from the date of the subscription of the Shares. Redemptions will require 60 days' prior written notice (subject to the discretion of the Directors to waive such notice and permit withdrawals at other times). Shareholders of the Class Starry Night may redeem 25% of its Shares for each redemption period. It will take at least 4 redemptions for Class Starry Night Shareholders to fully redeem their Shares. Shareholders of the Class Starry Night can only redeem their Shares once every 3 calendar months.

In respect of the Class Starry Night November Shares, Shares may be redeemed by a Shareholder only after 72 calendar months from the date of the subscription of the Shares. Redemptions will require 60 days' prior written notice (subject to the discretion of the Directors to waive such notice and permit withdrawals at other times). Shareholders of the Class Starry Night November may redeem 25% of its Shares for each redemption period. It will take at least 4 redemptions for Class Starry Night November Shareholders to fully redeem their Shares. Shareholders of the Class Starry Night November can only redeem their Shares once every 3 calendar months.

Redemptions will be processed on a first in, first out basis. The redemption notice must state the amount that the Shareholder wants to redeem or the basis upon which such amount is to be determined. Notwithstanding the foregoing, the Investment Manager, in its sole discretion, may waive or modify any terms related to redemptions for Shareholders that are Directors, principals, employees or affiliates of the Investment Manager, relatives of such persons, and for certain large, charter or strategic investors.

Although redemption requests may be sent to the Administrator by facsimile and original signed redemption request must be follow immediately by courier and are received by the Administrator (acting on behalf of the Fund) within five (5) days from the date of the facsimile. but redemption proceeds will not be remitted until:

1) the redeeming shareholder receives written confirmation from the Administrator that the original Redemption Notice has been received; and

2) all documentation required pursuant to the due diligence identification requirement and any other documents requested by the Administrator or the Directors or the Investment Manager of theFund.

Shareholders should be aware of the risks associated with sending documents in this manner. Neither the Fund nor the Administrator and/or the Administrator will be responsible in the event any redemption request sent by facsimile is not received or is illegible. Shareholders who have submitted redemption requests by facsimile are advised to contact the Administrator by telephone to ensurethat the facsimile redemption request has been actually received by the Administrator . Neither theFund nor the Administrator and/or the Administrator shall be responsible for any mis-delivery or non-receipt of any facsimile redemption request or any other notice or communication form Shareholders. Facsimiles sent to the Fund or the Administrator will only be effective when actually received by the Fund or the Administrator. The Administrator will use reasonable efforts to confirm in writing all requests for redemption which are received in good order. A Shareholder failing to receive such written confirmation from the Administrator within five (5) business days should contact the Administrator to obtain the same. Failure to obtain such a written confirmation from the Administrator may render the redemption request void.

Redemption proceeds may also be paid by transfer of Digital Assets (only in USDC or as determined by the Directors and Investment Manager in their sole discretion) at the risk and expense of the redeeming Shareholder to the pre-designated wallet address of the redeeming Shareholder as set forth in the Subscription Agreement and from which the Digital Assets was invested into the Fund. The Digital Assets to be transferred will be valued as at the relevant Redemption Day, in accordance with the valuation provisions set out in this Memorandum.

In accordance with the anti-money laundering obligations applicable to the Fund, the Investment Manager and/or the Administrator, requests for payment or transfer of redemption proceeds, as applicable, will not be effected until receipt of outstanding identification documents and information pertaining to AML obligations, if any. None of the Fund, the Directors, the Investment Manager, the Administrator or their respective agents or affiliates accepts any responsibility for any loss caused as a result of any such delay or refusal to effect payment or process transfer requests of redemption proceeds (as the case may be) and claims for payment of interest due to such delays will not be accepted.

Payment of the redemption proceeds will normally be made in cash by electronic transfer or Digital Assets by transfer to the Shareholder's wallet address within one (1) month following the relevant Redemption Day.

The Directors and Investment Manager may, in their sole discretion, vary how redemption proceeds are paid (i.e., bank transfer with cash or transfer of Digital Assets to a wallet address) with respect to any Participating Shares held by a Shareholder or with respect to a Class.

Redemption proceeds will be paid into the bank account in the name of the Shareholder and no third party payments will be permitted.

A redemption request, once submitted, can only be modified or withdrawn at the discretion of the Directors or at the discretion of the Investment Manager on behalf of the Directors.

The right of any shareholder to require the redemption of Participating Shares will be suspended during any period when redemptions or the calculation of the Net Asset Value is suspended by the Fund.

Reserves. The Directors may establish reserves and holdbacks for estimated accrued expenses, liabilities and contingencies (even if such reserves or holdbacks are not otherwise required by U.S. generally accepted accounting principles) which could reduce the amount of a distribution upon redemption.

Suspension of Redemptions. The Directors may suspend redemptions, the payment of redemption proceeds and/or the determination of the Net Asset Value, (a) during any period when any stock exchange on which any of the Master Fund's investments or the Fund's investments are quoted is closed, other than for ordinary holidays and weekends, or during periods in which dealings are restricted or suspended; (b) during the existence of any state of affairs which, in the opinion of the Directors, constitutes an emergency as a result of which disposal of investments by the Master Fund or the Fund would not be reasonably practicable or would be seriously prejudicial to investors of the Master Fund or the Fund; (c) during any breakdown in the means of communication normally employed in determining the price or value of the Master Fund or the Fund's investments, or of current prices in any stock market as aforesaid, or when for any other reason the prices or values of any investments owned by the Master Fund or the Fund cannot reasonably be promptly and accurately ascertained; (d) during any period when the transfer of funds involved in the realization or acquisition of any investments cannot, in the opinion of the Directors, be effected at normal rates of exchange; or (e) during any period in which the Master Fund or the Fund receive redemption requests that, in the aggregate, would create, in the sole discretion of the Directors, a material adverse effect on the Master Fund or the Fund if such redemption requests were satisfied. To the extent that a request for redemption of capital is not subsequently redeemed, the redemption shall be effected as of the first Redemption Day following the recommencement of redemptions.

The Directors may also suspend the right of any Shareholder to redeem Shares if, in the Director's

judgment, such a suspension would be in the best interests of the Fund. Situations in which such a suspension might occur include, but are not limited to,: when a redemption would cause the Fund or the Directors to violate securities laws, commodities laws, or other laws; when significant redemptions or disruptions in the markets would make pricing and/or liquidation of some or all Fund assets difficult or would result in losses if the Fund attempted such liquidations; when the Directors determine, in consultation with tax advisors, that the redemption could result in the Fund being treated as a "publicly-traded fund" and thus taxable as a corporation; or if other events make accurate determination of the Fund's Net Asset Value impractical. The Directors will give notice to Shareholders who make redemption requests that are affected by any such suspension. Unless a Shareholder rescinds his suspended redemption request, the redemption will generally become effective after the suspension is lifted.

Payment. Provided that the Directors have received all necessary documentation, payment of redemption proceeds normally will be made in U.S. dollars within 30 calendar days after an authorized Redemption Day. However, the Directors shall have the right, at their discretion, to withhold up to 5% of the net asset value of the redemption proceeds for the Fund's liabilities and other contingencies until no later than 30 days after the completion of the year-end audit of the Fund's financial statements. In those circumstances, the Fund will remit the balance of the redemption proceeds without interest. The Directors, in their sole discretion, may waive these redemption restrictions as to any Shareholder.

Mandatory Redemptions. The Directors, in their sole discretion, may require any Shareholder to redeem all of its Shares at any time on not less than 10 days' notice, such redemption to be effective on the date specified in such notice, if the Directors, in their sole discretion, deem it to be in the best interest of the Fund to do so because the continued participation of any such Shareholder in the Fund may result in adverse legal, pecuniary, regulatory or tax consequences for the Fund. Under such circumstances, the Directors will have the irrevocable power to act in the name of such Shareholder to redeem its Shares in the Fund; without limiting the generality of the foregoing such compulsory redemptions may be effected where a Shareholder has not, following a request from the Fund, provided the information requested to ensure the Fund and /or the relevant Shareholder remains or becomes compliant with FATCA, as defined below (or any similar legislation, either implemented or yet to be implemented, in any jurisdiction which may impact the Fund or to which the Fund voluntarily agrees to be subject).

The Directors have the right to terminate the Fund at any time by the compulsory redemption of all Shares. In the case of such termination, the Fund's assets will be distributed to the Shareholders within 30 days after the completion of the final audit of the Fund's books (which must be performed within 120 days of the termination of the Fund).

10. BROKERAGE AND CUSTODY

The investment securities of the Fund are principally purchased and sold through brokerage firms in the Europe and Asia. The Investment Manager may in its sole discretion choose the broker or dealer through which purchases or sales of securities for the Fund are made.

Portfolio transactions for the Fund are allocated to brokers by the Investment Manager. The Investment Manager shall utilize various brokers to execute, settle and clear securities transactions. In selecting brokers to effect portfolio transactions, the Investment Manager considers such factors as price, quality of execution, expertise in particular markets, the ability of the brokers to effect the transactions, the brokers' facilities, reliability, reputation, experience, financial responsibility in particular markets, familiarity both with investment practices generally and techniques employed by the Fund and certain brokerage or research services ("soft dollar items") provided by such brokers and clearing and settlement capabilities, subject at all times to principles of best execution, in accordance with the Investment Manager's policies and procedures. In selecting broker/dealers to execute transactions, the Investment Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost.

Section 28(e) of the United States Securities Exchange Act of 1934, as amended, establishes a safe harbor (the "Section 28(e) safe harbor" or "safe harbor") allowing investment managers to use client funds, by way of commission dollars, to purchase certain "brokerage and research services." Pursuant to

such safe harbor, the brokerage and research services must provide lawful and appropriate assistance to the Investment Manager in the performance of its investment decision-making responsibilities. Further, the amount of commissions paid by the Fund must be reasonable in light of the value of the brokerage or research services offered, taking into account various factors, including commission rates, financial responsibility and strength and ability of the broker to efficiently execute transactions. Accordingly, if the Investment Manager determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and research or investment management related services and equipment provided by such broker, the Fund may pay commissions to such broker in an amount greater than the amount another broker might charge. The Investment Manager may in its discretion change its selection of a broker for the Fund.

Section 28(e) safe harbor research services provided by brokers generally include advice, analyses and reports, and may specifically include traditional research reports analyzing the performance of a particular company or stock, certain financial newsletters and trade journals, quantitative analytical software and software that provides analyses of securities portfolios, seminars, conferences and other services that reflect substantive content (i.e., the expression of reasoning or knowledge relating to the subject matter of Section 28(e)) and provide lawful and appropriate assistance to the Investment Manager in the performance of its investment decision-making responsibilities on behalf of the Fund. According to an interpretive release recently issued by the SEC (the "Release"), products with inherently tangible or physical attributes, such as computer hardware (including computer terminals), telephone lines and office furniture are ineligible as "research services" under the Section 28(e) safe harbor, as such products do not reflect the expression of reasoning or knowledge. Other products and services that are not eligible under the Section 28(e) safe harbor are rent, legal expenses, office equipment and mass marketed publications.

Certain equipment and services that are ineligible as research services, such as connectivity services between the Investment Manager and the broker and other relevant parties, trading software operated by a broker to route orders to market centers and algorithmic trading software, may, however, be eligible as "brokerage services" under the Section 28(e) safe harbor to the extent such equipment is sufficiently related to the execution, clearing and settlement of securities transactions and other incidental functions. However, "overhead expenses" such as telephone or computer terminals and other products that are not sufficiently related to order execution or fall outside the temporal standard for "brokerage" under the Section 28(e) safe harbor are not eligible.

The SEC's position on the eligibility of custody also falls within the temporal standard for "brokerage services." The SEC states that short-term custody that relates to effecting, clearing and trading particular transactions falls within the safe harbor. However, long-term custody that takes place post-settlement and relates to long-term maintenance of securities positions, is not incidental to effecting the securities transaction and therefore does not fall within the safe harbor. Furthermore, long-term custody is generally a service provided directly to an investment manager's client for the benefit of the client and not provided to an investment manager for the benefit of the client.

Soft dollar items may be provided directly by brokers, by third parties at the direction of brokers or purchased by the Fund with credits or rebates provided by brokers. Soft dollar items may arise from over-the-counter principal or agency transactions, as well as exchange traded agency transactions. Brokers sometimes suggest a level of business that they would like to receive in return for the various services that they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions because total brokerage is allocated on the basis of all the considerations described above. A broker will not be excluded from executing transactions for the Fund because it has not been identified as providing soft dollar items. The Section 28(e) safe harbor is available only when the Investment Manager conducts business with a broker that is involved with "effecting" the trades and "provides" the research. "Effecting" trades generally involves executing, clearing or settling the trade. A broker "provides" the product or service if the broker that is effecting transactions for the advised accounts is either legally obligated to pay for the research or, is not legally obligated to pay, but pays the research preparer directly and takes steps to ensure that the services being paid with client commissions are eligible under the safe harbor.

The Investment Manager intends to use "soft dollars" and may use such soft dollars for such items

that are not within the Section 28(e) "safe harbor."

When the Investment Manager deems the purchase and sale of securities to be in the best interest of the Fund, and any other managed vehicles or accounts, it may aggregate the securities to be purchased or sold in order to obtain superior execution and/or lower brokerage expenses. In particular, execution prices for identical securities purchased or sold on behalf of multiple accounts in any one-business day may be averaged. In such events, allocation of the securities purchased or sold, as well as expenses incurred in the transaction, will be made among the Fund, and any other participating accounts or clients by applying such considerations as the Directors and the Investment Manager deem appropriate, including relative account size of such entities and clients, amount of available capital, size of existing positions in the same or similar securities, impact of leverage, tax considerations and other factors. Although such allocation may typically be pro-rata as to the Fund and other such entities and clients, they will not necessarily be so, where allocation considerations, such as availability of capital, positions in similar securities or differing objectives dictate a different result. The Fund will not necessarily be entitled to investment priority over other accounts of the Investment Manager, or its clients or affiliates and may not necessarily participate in every investment opportunity.

Certain brokers utilized by the Investment Manager may refer investors to the Fund or other investment vehicles managed by the Investment Manager. In selecting a broker, the Investment Manager may consider the broker's referrals of investors to the Fund or other investment funds the Investment Manager manages, referrals of advisory clients to the Investment Manager, the potential for future referrals, and/or the broker's willingness to pay third-party finders' fees for such referrals. To the extent the Investment Manager would otherwise be obligated to pay for "finding" services, it has a conflict of interest in considering those services when selecting a broker. It also faces a conflict because it benefits from increases in the Fund's size.

The Investment Manager, in its discretion, may change custodians, or change or add prime brokers without notice to the Shareholders.

11. TAX CONSIDERATIONS

<u>CIRCULAR 230 NOTICE</u>. THE FOLLOWING NOTICE IS BASED ON U.S. TREASURY REGULATIONS GOVERNING PRACTICE BEFORE THE U.S. INTERNAL REVENUE SERVICE: (1) ANY U.S. FEDERAL TAX ADVICE CONTAINED HEREIN, INCLUDING ANY OPINION OF COUNSEL REFERRED TO HEREIN, IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (2) ANY SUCH ADVICE IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED HEREIN (OR IN ANY SUCH OPINION OF COUNSEL); AND (3) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

THE DISCUSSION HEREIN IS FOR INFORMATIONAL PURPOSES ONLY AND IS A DISCUSSION PRIMARILY OF THE U.S. TAX CONSEQUENCES TO PROSPECTIVE SHAREHOLDERS. EACH PROSPECTIVE SHAREHOLDER SHOULD CONSULT ITS PROFESSIONAL TAX ADVISOR WITH RESPECT TO THE TAX ASPECTS OF AN INVESTMENT IN THE FUND. TAX CONSEQUENCES MAY VARY DEPENDING UPON THE PARTICULAR STATUS OF A PROSPECTIVE SHAREHOLDER. IN ADDITION, SPECIAL CONSIDERATIONS (NOT DISCUSSED HEREIN) MAY APPLY TO PERSONS WHO ARE NOT DIRECT SHAREHOLDERS IN THE FUND BUT WHO ARE DEEMED TO OWN SHARES AS A RESULT OF THE APPLICATION OF CERTAIN ATTRIBUTION RULES.

This summary of the principal tax consequences applicable to the Fund and its Shareholders is based upon advice received from U.S., and British Virgin Islands legal and tax advisers. That advice was based upon factual representations made by the Investment Adviser concerning the proposed conduct of the activities it would carry out on behalf of the Fund. The discussion below could be adversely affected if any of the material factual representations on which the discussion is based should prove to be inaccurate or incomplete. Moreover, while this summary is considered to be a correct interpretation of existing laws

and regulations in force on the date of this Memorandum, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with the interpretations or that changes in such laws will not occur. The Fund will not seek any rulings from any taxing authorities on the tax consequences described below or any other issues. Future legislation or administrative action may change significantly the conclusions expressed herein, and any such changes or decisions may have a retroactive effect as to the transactions contemplated herein. Neither the Investment Adviser's counsel nor counsel as to British Virgin Islands law has any continuing obligation to advise the Fund or any shareholder of any changes in the law that may affect the Fund or the Shareholders or that may otherwise cause any part of the following summary to be inaccurate.

The discussion of U.S. federal income tax matters contained herein is based on existing law as contained in the United States Internal Revenue Code of 1986, as amended (the "Code"), United States Treasury regulations, administrative rulings and court decisions as of the date of this Memorandum. No assurance can be given that future legislation, administrative rulings or court decisions will not modify the conclusions set forth in this summary, possibly with retroactive effect.

British Virgin Islands

The tax status of the Fund and of Shareholders under the tax laws of the British Virgin Islands is summarized below. The summary is based on the assumption that the Fund is owned, managed and operated as contemplated. Although the Fund's British Virgin Islands counsel considers the summary to be a correct interpretation of existing laws as applied at the date of this Memorandum, the Fund neither makes or intends any representation that changes in those laws or in their application or interpretation will not be made in the future. Persons interested in subscribing for Shares should consult their own tax advisers with respect to the tax consequences, including the income tax consequences, if any, to them of the purchase, holding, redemption, sale or transfer of Shares.

The Fund and all dividends, interest, rents, royalties, compensations and other amounts paid by the Fund to persons who are not persons resident in the British Virgin Islands are exempt from the provisions of the Income Tax Act in the British Virgin Islands, and any capital gains realized with respect to any shares, debt obligations, or other securities the Fund holds by persons who are not persons resident in the British Virgin Islands are exempt from all forms of taxation in the British Virgin Islands. The Payroll Taxes Act, 2004 of the British Virgin Islands will not apply to the Fund except to the extent that the Fund has employees (and deemed employees) rendering services to the Fund wholly or mainly in the British Virgin Islands. The Fund at present has no employees in the British Virgin Islands and no intention of having any employees in the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any shares, debt obligation or other securities of the Fund. In addition, all instruments relating to transfers of property to or by the Fund and all instruments relating to transactions in respect of the shares, debt obligations or other securities held by the Fund and all instruments relating to other transactions relating to the business of the Fund are exempt from the payment of stamp duty in the British Virgin Islands. There are currently no withholding taxes or exchange controls.

BASED ON THE STRUCTURE AND OPERATIONS OF THE FUND, THE FUND GENERALLY SHOULD NOT BE SUBJECT TO U.S. INCOME TAX, EXCEPT AS PROVIDED BELOW.

U.S. Trade or Business

Section 864(b)(2) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), provides a safe harbor (the "Safe Harbor") applicable to a non-U.S. corporation (other than a dealer in securities) that engages in the U.S. in trading securities (including contracts or options to buy or sell securities) for its own account pursuant to which such non-U.S. corporation will not be deemed to be engaged in a U.S. trade or business. The Safe Harbor also provides that a non-U.S. corporation (other than a dealer in commodities) that engages in the U.S. in trading commodities for its own account is not deemed to be engaged in a U.S. trade or business if "the commodities are of a kind customarily dealt in on an organized commodity exchange and if the transaction is of a kind customarily consummated at such place." Pursuant

to proposed regulations, a non-U.S. taxpayer (other than a dealer in stocks, securities or derivatives) that effects transactions in the United States in derivatives (including (i) derivatives based upon stocks, securities, and certain commodities, and (ii) certain notional principal contracts based upon an interest rate, equity, or certain commodities and currencies) for its own account is not deemed to be engaged in a United States trade or business. Although the proposed regulations are not final, the Service has indicated in the preamble to the proposed regulations that for periods prior to the effective date of the proposed regulations, taxpayers may take any reasonable position with respect to the application of Section 864(b)(2) of the Code to derivatives, and that a position consistent with the proposed regulations will be considered a reasonable position.

The Fund (which is treated as a partnership for U.S. tax purposes and thus is not in any event subject to U.S. income tax) intend to conduct their businesses in a manner so as to meet the requirements of the Safe Harbor. Thus, the Fund's securities and commodities trading activities should not constitute a U.S. trade or business and, except in the limited circumstances discussed below, the Fund should not be subject to the regular U.S. income tax on any of its trading profits. However, if certain of the Fund's activities were determined not to be of the type described in the Safe Harbor, the Fund's activities may constitute a U.S. trade or business, in which case the Fund would be subject to U.S. income and branch profits tax on the income and gain from those activities.

Even if the Fund's securities trading activity does not constitute a U.S. trade or business, gains realized from the sale or disposition of stock or securities (other than debt instruments with no equity component) of U.S. Real Property Holding Corporations (as defined in Section 897 of the Code) ("USRPHCs"), including stock or securities of certain Real Estate Investment Trusts ("REITs"), will be generally subject to U.S. income tax on a net basis. However, a principal exception to this rule of taxation would apply if such USRPHC has a class of stock which is regularly traded on an established securities market and the Fund generally did not hold (and was not deemed to hold under certain attribution rules) more than 5% of the value of a regularly traded class of stock or securities of such USRPHC at any time during the five year period ending on the date of disposition. Moreover, if the Fund were deemed to be engaged in a U.S. trade or business as a result of owning a limited partnership interest in a U.S. business partnership or a similar ownership interest, income and gain realized from that investment would be subject to U.S. income and branch profits tax.

U.S. Withholding Tax

In general, under Section 881 of the Code, a non-U.S. corporation which does not conduct a U.S. trade or business is nonetheless subject to tax at a flat rate of 30% (or lower tax treaty rate) on the gross amount of certain U.S. source income which is not effectively connected with a U.S. trade or business, generally payable through withholding. Income subject to such a flat tax rate is of a fixed or determinable annual or periodic nature, including dividends and certain interest income.

Certain types of income are specifically exempted from the 30% tax and thus withholding is not required on payments of such income to a non-U.S. corporation. The 30% tax does not apply to U.S. source capital gains (whether long or short-term) or to interest paid to a non-U.S. corporation on its deposits with U.S. banks. The 30% tax also does not apply to interest which qualifies as portfolio interest. The term "portfolio interest" generally includes interest (including original issue discount) on an obligation in registered form which has been issued after July 18, 1984 and with respect to which the person who would otherwise be required to deduct and withhold the 30% tax receives the required statement that the beneficial owner of the obligation is not a U.S. person within the meaning of the Code. Under certain circumstances, interest on bearer obligations may also be considered portfolio interest.

The Fund will also be exempt from tax on direct or indirect dispositions of REIT shares, whether or not those shares are regularly traded, if less than 50% of the value of such shares is held, directly or indirectly, by non-U.S. persons at all times during the five-year period ending on the date of disposition. However, even if the direct or indirect disposition of REIT shares would be exempt from tax on a net basis, distributions from a REIT (whether or not such REIT is a USRPHC), to the extent attributable to the REIT's disposition of shares in U.S. real property, are subject to tax on a net basis when directly or indirectly received by the Fund and may be subject to the branch profits tax. Under new legislation, distributions from

certain publicly traded REITs to non-U.S. shareholders owning 5% or less of the shares are subject to a 30% gross withholding tax on those distributions and are not subject to tax on a net basis.

Redemption of Shares

Gain realized by shareholders who are not U.S. persons within the meaning of the Code ("non-U.S. shareholders") upon the sale, exchange or redemption of Shares held as a capital asset should generally not be subject to U.S. federal income tax provided that the gain is not effectively connected with the conduct of a trade or business in the U.S. However, in the case of nonresident alien individuals, such gain will be subject to the 30% (or lower tax treaty rate) U.S. tax if (i) such person is present in the U.S. for 183 days or more during the taxable year (on a calendar year basis unless the nonresident alien individual has previously established a different taxable year) and (ii) such gain is derived from U.S. sources.

Generally, the source of gain upon the sale, exchange or redemption of Shares is determined by the place of residence of the shareholder. For purposes of determining the source of gain, the Code defines residency in a manner that may result in an individual who is otherwise a nonresident alien with respect to the U.S. being treated as a U.S. resident only for purposes of determining the source of income. Each potential individual shareholder who anticipates being present in the U.S. for 183 days or more (in any taxable year) should consult his tax advisor with respect to the possible application of this rule.

Gain realized by a non-U.S. shareholder engaged in the conduct of a U.S. trade or business will be subject to U.S. federal income tax upon the sale, exchange or redemption of Shares if such gain is effectively connected with its U.S. trade or business.

Non-U.S. shareholders may be required to make certain certifications to the Fund as to the beneficial ownership of the Shares and the non-U.S. status of such beneficial owner, in order to be exempt from U.S. information reporting and backup withholding on a redemption of Shares.

Tax-Exempt U.S. Persons

The term "Tax-Exempt U.S. Person" means a U.S. person within the meaning of the IRC that is exempt from payment of U.S. federal income tax. Generally, a Tax-Exempt U.S. Person is exempt from federal income tax on certain categories of income, such as dividends, interest, capital gains and similar income realized from securities investment or trading activity. This type of income is exempt even if it is realized from securities trading activity which constitutes a trade or business. This general exemption from tax does not apply to the "unrelated business taxable income" ("UBTI") of a Tax-Exempt U.S. Person. Generally, except as noted above with respect to certain categories of exempt trading activity, UBTI includes income or gain derived from a trade or business, the conduct of which is substantially unrelated to the exercise or performance of the Tax-Exempt U.S. Person's exempt purpose or function. UBTI also includes (i) income derived by a Tax-Exempt U.S. Person from debt-financed property and (ii) gains derived by a Tax-Exempt U.S. Person from the disposition of debt-financed property.

In 1996, Congress considered whether, under certain circumstances, income derived from the ownership of the shares of a non-U.S. corporation should be treated as UBTI to the extent that it would be so treated if earned directly by the shareholder. Subject to a narrow exception for certain insurance company income, Congress declined to amend the IRC to require such treatment. Accordingly, based on the principles of that legislation, a Tax-Exempt U.S. Person investing in a non-U.S. corporation such as the Fund should not realize UBTI with respect to an unleveraged investment in Shares. Tax-Exempt U.S. Persons are urged to consult their own tax advisors concerning the U.S. tax consequences of an investment in the Fund.

There are special considerations which should be taken into account by certain beneficiaries of charitable remainder trusts that invest in the Fund. Charitable remainder trusts should consult their own tax advisors concerning the tax consequences of such an investment on their beneficiaries.

Reporting Requirements for U.S. Persons

Any U.S. person within the meaning of the IRC owning 10% or more (taking certain attribution rules into account) of either the total combined voting power or total value of all classes of the shares of a non-U.S. corporation such as the Fund will likely be required to file an information return with the Service containing certain disclosure concerning the filing shareholder, other shareholders and the corporation. The Fund has not committed to provide all of the information about the Fund or its shareholders needed to complete the return. In addition, a U.S. person within the meaning of the IRC that transfers cash to a non-U.S. corporation will likely be required to report the transfer to the Service if (i) immediately after the transfer, such person holds (directly, indirectly or by attribution) at least 10% of the total voting power or total value of such corporation or (ii) the amount of cash transferred by such person (or any related person) to such corporation during the twelve-month period ending on the date of the transfer exceeds $100,000.

Furthermore, certain U.S. persons within the meaning of the IRC will have to file Form 8886 ("Reportable Transaction Disclosure Statement") with their U.S. tax return, and submit a copy of Form 8886 with the Office of Tax Shelter Analysis of the Service if the Fund engages in certain "reportable transactions" within the meaning of recently issued U.S. Treasury Regulations. Shareholders required to file this report include a U.S. person within the meaning of the IRC if the Fund is treated as a "controlled foreign corporation" and such U.S. person owns a 10% voting interest. In certain situations, there may also be a requirement that a list be maintained of persons participating in such reportable transactions, which could be made available to the Service at its request. Moreover, if a U.S. person within the meaning of the IRC recognizes a loss upon a disposition of Shares, such loss could constitute a "reportable transaction" for such shareholder, and such shareholder would be required to file Form 8886. Under new legislation, a significant penalty is imposed on taxpayers who fail to make the required disclosure. The penalty is generally $10,000 for natural persons and $50,000 for other persons (increased to $100,000 and $200,000, respectively, if the reportable transaction is a "listed" transaction). Shareholders who are U.S. persons within the meaning of the IRC (including Tax-Exempt U.S. Persons) are urged to consult their own tax advisors concerning the application of these reporting obligations to their specific situations and the new penalty discussed above.

Estate and Gift Taxes

Individual holders of Shares who are neither present nor former U.S. citizens nor U.S. residents (as determined for U.S. estate and gift tax purposes) are not subject to U.S. estate and gift taxes with respect to their ownership of such Shares.

Other Jurisdictions

Interest, dividend and other income realized by the Fund from non-U.S. sources, and capital gains realized on the sale of securities of non-U.S. issuers, may be subject to withholding and other taxes levied by the jurisdiction in which the income is sourced. It is impossible to predict the rate of foreign tax the Fund will pay since the amount of the assets to be invested in various countries and the ability of the Fund to reduce such taxes, are not known.

U.S. HIRE Act

The newly enacted Hiring Incentives to Restore Employment Act (the "HIRE Act") provides that, beginning on January 1, 2013, a 30% withholding tax will be imposed on payments to the Fund of U.S. source income and proceeds from the sale of property that could give rise to U.S. source interest or dividends unless the Fund enters into an agreement with the U.S. Internal Revenue Service (the "IRS') to disclose the name, address and taxpayer identification number of certain U.S. persons that own, directly or indirectly, an interest in the Fund, as well as certain other information relating to such interest. The Fund will attempt to satisfy any obligations imposed on it to avoid the imposition of this withholding tax.

The Fund's ability to satisfy its obligations under an agreement with the IRS will depend on each Shareholder providing the Fund with any information, including information concerning the direct or indirect owners of such Shareholder, that the Fund determines is necessary to satisfy such obligations. Each Shareholder agrees in its Subscription Agreement to provide such information upon request from the Fund, which will be made once the IRS has adopted a form of agreement. If the Fund fails to satisfy such

obligations or if a Shareholder fails to provide the Fund with the necessary information, payments of U.S. source income and payments of proceeds from the sale of property described in the previous paragraph will generally be subject to a 30% withholding tax. The Fund may exercise its right to completely redeem a Shareholder that fails to provide the Fund with the information the Fund requests to satisfy its obligations under the HIRE Act. Shareholders are encouraged to consult with their own tax advisors regarding the possible implications of the HIRE Act on their investment in the Fund.

Future Changes in Applicable Law

The foregoing description of U.S. and British Virgin Islands income tax consequences of an investment in and the operations of the Fund is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Other legislation could be enacted that would subject the Fund to income taxes or subject shareholders to increased income taxes.

The foregoing summary should not be considered to describe fully the income and other tax consequences of an investment in the Fund. Prospective investors are strongly urged to consult with their tax advisors, with specific reference to their own situations, with respect to the potential tax consequences of an investment in the Fund.

12. ERISA MATTERS

The following is a brief summary of certain aspects of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), relating to investments in the Fund by benefit plans. As a summary, it is inherently incomplete. Further, the laws, regulations and interpretations on which it is based may be changed at any time, and neither the Fund nor the Directors have any obligation to advise any Shareholder of any such change. *Due to, among other things, the potential UBTI that may arise out of the Fund's margin borrowing activities, an investment in the Fund may not be suitable for qualified retirement plan investors. The sale of Shares to retirement plan investors is in no respect a representation by the Directors, the Fund or any other person that such an investment is appropriate for any particular plan or meets all relevant legal requirements with respect to investments by plans.*

Plan Assets. ERISA and Section 4975 of the Code impose restrictions on (a) employee benefit plans that are subject to Title I or ERISA, (b) plans that are subject to Section 4975 of the Code, including IRAs and Keogh plans, (c) an entity whose underlying assets are deemed to include "plan assets" by reason of one or more retirement plan investors' investments in that entity. In the following discussion, all of these plans and entities are referred to as "plans." ERISA and the Code also impose restrictions on activities and transactions by persons and entities that have any of certain types of relationships to plans. These are referred to under ERISA as "parties in interest" and under the Code as "disqualified persons."

If the assets of a Shareholder that is a plan are treated for purposes of ERISA as including the plan's portion of the Fund's underlying assets (as distinct from merely the plan's interest in the Fund), the fiduciary standards of Title I of ERISA, which generally apply to trustees and other fiduciaries of such plans, will also extend to the Directors.

Under a U.S. Department of Labor ("DOL") regulation (the "Plan Asset Regulation"), the Fund's assets will not be "plan assets" if, immediately after the most recent acquisition of any class of Shares, less than 25% of the total value of each class of Shares is held by benefit plan investors. "Benefit plan investors" include both plans covered by ERISA and other retirement-related and employee benefit plan investors such as "simplified employee pension plans," so-called "Keogh" plans for self-employed individuals (including partners), IRAs, and any entity whose underlying assets include plan assets. The Directors do not expect benefit plan investors to own, in the aggregate, 25% or more of the Shares. By executing the Subscription Agreement, each benefit plan investor agrees that the Directors may cause some or all of that investor's capital in the Fund to be redeemed in order to prevent the Fund's assets from being considered "plan assets." If the Directors were to exercise this discretion, some or all benefit plans invested in the Fund could be required to redeem assets so as to cause benefit plan investors to own in the aggregate less than 25% of the Shares. In addition, the Directors may, in their sole discretion, require ERISA-covered benefit

plans to redeem before requiring other benefit plan investors to redeem.

Fiduciary Duties. ERISA requires fiduciaries responsible for plan investments to exercise prudence in selecting investments, to diversify investments to minimize the risk of losses to the plan, and to follow the terms of the plan, including investment guidelines. An investment in the Fund is speculative and relatively illiquid. Although ERISA does not specifically prohibit plans from engaging in such investments, in deciding whether to invest plan assets in Shares, a plan fiduciary must carefully consider whether, in light of the plan's overall investment portfolio, the risks inherent in an investment in the Fund are consistent with ERISA standards and with the plan's guidelines. Neither the Fund nor the Directors have any responsibility for determining whether a purchase of Shares is a prudent investment for any plan. If the Fund's assets were considered plan assets, an investment in the Fund would give rise to additional responsibilities for that plan's named fiduciaries. In addition to any liability a plan fiduciary may have for his or her own breaches of fiduciary duty, under certain circumstances, he or she may be liable for the breach of another fiduciary (including the Directors). A named fiduciary's responsibility for a co- fiduciary's act may be reduced if the co-fiduciary is a qualified "investment manager" within the meaning of ERISA and the named fiduciary has effectively delegated authority for managing plan assets to that investment manager. Under ERISA, an investment manager includes an investment adviser registered as such with the Securities and Exchange Commission.

Prohibited Transactions. If the Fund's assets were considered plan assets, the Directors as a fiduciary, will be prohibited from effecting a variety of types of transactions involving Fund assets, unless an exemption applies. In general, a fiduciary of a plan is prohibited from (a) dealing with the assets of the plan in his or her own interest or for his or her own account, (b) acting on behalf of a party whose interests are adverse to those of the plan in any transaction involving the plan, (c) receiving any consideration from any party dealing with the plan in connection with a transaction involving the plan's assets, (d) selling or leasing property to or from a "party-in-interest" as defined in ERISA, (e) furnishing goods, services or facilities between the plan and a party-in-interest and (f) transferring plan assets to a party-in-interest or permitting a party-in-interest to use any plan assets. The DOL has granted certain class exemptions which, if their terms are met, may permit transactions that are otherwise prohibited. If a prohibited transaction occurs, it must be reversed and the plan put in the position it would have been in had the transaction not occurred. In addition, an excise tax equal to 15% of the amount involved is assessed for each year that the transaction remains uncorrected and is payable by the party in interest involved in the transaction. The excise tax is increased to 100% under certain circumstances.

QPAM Status. The Directors intend that, if the Fund's assets are considered plan assets, it will cause the Investment Manager to manage the Fund as a "qualified professional asset manager" or "QPAM." This would make the management of the Fund eligible for limited exemptive relief from the prohibited transaction rules. In connection with the QPAM exemption, the Directors will require certain representations from benefit plan investors in order to monitor compliance with ERISA and the Code. Thus, by investing in the Fund, each benefit plan investor will be deemed to have properly appointed the Investment Manager as a fiduciary investment manager under ERISA (only as to the assets so invested). In that case, the Investment Manager acknowledge its status as a fiduciary as to those assets. Each benefit plan investor will also agree to provide the Directors with whatever information the Directors reasonably request in order to monitor compliance with ERISA and the Code. Compliance with the QPAM exemption may limit the Investment Manager's ability to make certain investments or otherwise engage in certain transactions on behalf of the Fund. The Investment Manager will not invest in any other investment fund if, after giving effect to the investment, the Fund's assets would be treated as assets of a plan investor and the operations of that other investment fund would be subject to ERISA's fiduciary responsibility provisions or ERISA's or the Code's prohibited transaction provisions.

Investment Considerations. Before a benefit plan invests in the Fund, a person with investment discretion for the plan must determine whether the investment is (a) permitted under the plan's governing instruments and (b) appropriate for the plan in view of the plan's overall investment policy and the composition and diversification of its portfolio. Among other factors, such a fiduciary should consider: (i) whether the investment is prudent, considering the nature of the Fund; (ii) whether, in light of the plan's other investments, the investment satisfies ERISA diversification requirements; (iii) whether, under ERISA, the plan's assets will be treated as including the plan's share of the Fund's securities and other assets; (iv) the potential impact of any UBTI that may be generated; and (v) the limited liquidity of an interest. The

Directors exercise no control over this decision and have no discretionary authority over whether any particular plan should or should not invest in the Fund.

Reporting. Employee benefit plans are subject to certain reporting requirements, including filing an annual report with the DOL. Under DOL regulations, a plan may be exempt from including certain information in connection with its investment in the Fund in its annual report if the Directors file a report with the DOL on behalf of the plan that includes a statement of assets and liabilities of the Fund and lists the assets held for investment by the Fund. The Directors do not intend to file such a report but will, instead, provide benefit plan investors with the information about the Fund's activities necessary to allow them to make the required filings.

The fiduciary, prohibited transactions and reporting provisions of ERISA and the Internal Revenue Code are highly complex, and the foregoing is merely a brief summary of some of them. Each qualified retirement plan should consult with its own counsel on the applicability and impact of ERISA before investing in the Fund.

13. FATCA

United States Intergovernmental Agreement

The British Virgin Islands ("**BVI**") Government on 30 June 2014 signed a "Model 1 intergovernmental agreement" (the "**BVI-US IGA**") with the government of the United States of America with respect to the "Foreign Account Tax Compliance Act" ("**FATCA**"), designed to address tax evasion by US citizens and other US persons.

The Fund should not be required to enter into an agreement with the IRS under FATCA, but will be required to comply with BVI legislation that is enacted to implement the BVI-US IGA. Under FATCA, it is expected that the Fund may be subject to a 30% withholding tax on payments it receives and on the proceeds it receives from the sale, maturity or other disposition of certain of its assets, unless the Fund timely complies with BVI legislation enacted in accordance with the BVI-US IGA in which case the Fund will be deemed compliant and not subject to the 30% withholding tax. The Investment Manager shall use reasonable efforts to ensure that any FATCA withholding tax imposed is borne by the Shareholder whose status, action or inaction gave rise to such withholding.

In order to satisfy FATCA requirements, the Fund will be required to obtain significant information from each Shareholder and other direct and indirect investors in the Fund that are designated as "Specified US Persons," and to report this information to the BVI International Tax Authority who would then automatically exchange this information with the government of the United States of America. The required information includes the name, address, taxpayer identification number, country of residence, and certain other information with respect to Shareholders that are designated as "Specified US Persons" or for which the Fund otherwise has reporting obligations. Each prospective Shareholder will be required to provide the express authorization to the Fund, contained in the Subscription Agreement, to permit the Fund to provide such information as is necessary on the relevant Shareholder, to the BVI International Tax Authority or any other such authority so designated under FATCA (or any similar legislation, either implemented or yet to be implemented, in any jurisdiction which may effect the Fund or to which the Fund voluntarily agrees to be subject).

The Fund may also be required to obtain a Global Intermediary Identification Number (a "***GIIN***") to fulfil its reporting obligations under FATCA and exhibit its FATCA compliant status and avoid the imposition of a 30% withholding on certain US sourced payments. The Fund intends to obtain a GIIN for this purpose. The Fund may be required to withhold on certain payments to Shareholders in the event that the Shareholder does not provide certain information. To avoid this result, the Fund may compulsorily redeem any Shareholder that does not provide the Fund with the required information. The Investment Manager shall use reasonable efforts to ensure that any FATCA withholding tax imposed is borne by the Shareholderwhose status, action or inaction gave rise to such withholding.

Although the Fund intends to comply with applicable law, this area of inter-governmental co-

operation and exchange of information is developing quickly, and further changes are likely to be made. Shareholders should consult with their own tax advisors regarding the application of FATCA to their particular circumstances.

United Kingdom Intergovernmental Agreement

The BVI has signed an intergovernmental automatic information exchange agreement with the United Kingdom (the "**BVI-UK IGA**"), modelled on the intergovernmental agreement between the United Kingdom and the United States that implements the United States FATCA legislation. As implemented in accordance with its proposed terms, the Fund will likely be a BVI Financial Institution and will be required to identify any direct or indirect United Kingdom residents which invest in the Fund and obtain and provide to the relevant BVI government authority (likely to be the International Tax Authority) certain information about such United Kingdom resident account holders. Such information is then automatically exchanged by the relevant BVI government authority with the United Kingdom tax authorities. A Shareholder that is resident in the United Kingdom for tax purposes or is an entity that is identified as having one or more controlling persons that is resident in the United Kingdom for tax purposes will generally be required to provide information which identifies such United Kingdom tax resident persons and the extent of their respective investment in the Fund. Shareholders should consult with their own tax advisors regarding the application of the "United Kingdom FATCA" to their particular circumstances.

Common Reporting Standard

The BVI has made a commitment to the Organization of Economic Co-operation and Development (OECD) to be an early adopter of the Common Reporting Standard (CRS). CRS is designed to facilitate cross border automatic exchange of information on "financial accounts" based on the US Foreign Account Tax Compliance Act (FATCA) for entities such as the Fund between and among participating countries.

The CRS is intended to provide the benefit of uniformity for financial institutions such as the Fund, enabling them to build on the existing systems and processes put in place to comply with FATCA and thereby minimise the implementation costs and compliance burden. As the CRS develops it is the Fund's intention to comply with the relevant implementing legislation in the BVI, and to gather such information from its Shareholders as is necessary to ensure compliance.

14. FISCAL YEAR AND FISCAL PERIODS; FINANCIAL STATEMENTS; AUDITORS

The fiscal year of the Fund will end on December 31 of each year.

The books and records of the Fund will be audited at the end of each fiscal year by auditors selected by the Fund. Each Shareholder will receive unaudited reports of the performance of the Fund monthly and the Fund will seek to furnish the Shareholders with audited year-end financial statements as soon as practicable after the year-end, including a statement of profit or loss for such fiscal year and of an unaudited status of such Shareholder's holdings in the Fund at such time. The Fund's first audit was the period from the commencement of the Fund's operations through December 31, 2012. The Fund's financial statements will be prepared using GAAP as a guideline, unless otherwise deemed appropriate in the sole discretion of the Directors.

KPMG LLP are the auditors for the Fund, and the Directors may change the Fund's auditors without prior notice to the Shareholders.

15. GENERAL COMMENTS

The summary set forth herein does not purport to be and should not be construed as a complete description of the Memorandum and Articles of Association of the Fund, the Administration Agreement or the IMA, copies of which are available from the Investment Manager. Additionally, prospective investors should be aware of certain anti-money laundering requirements and regulatory

considerations.

Prevention of Money Laundering

United States. To ensure compliance with statutory and other generally accepted principles relating to anti-money laundering regulations and policies, including the Fund's and the Investment Manager's obligations under the USA Patriot Act, the Fund requires verification of identity and source of funds from all prospective investors in the Fund. Pending the provision of evidence satisfactory to the Fund, admission of an investor may be delayed in the sole discretion of the Investment Manager. If the Investment Manager or the Administrator has not received satisfactory evidence of an investor's identity within a reasonable period of time following a request for such evidence, the Investment Manager may refuse to admit the investor, in which event any subscription proceeds received by the Fund from such investor will be returned to the account of such investor. If the Investment Manager has suspicion that a payment to the Fund (by way of subscription or otherwise) contains the proceeds from criminal conduct, it may be required under applicable anti-money laundering laws and regulations to report its suspicions to one or more enforcement or regulatory agencies, including various U.S. governmental agencies. In addition, in accordance with the USA Patriot Act and certain interpretations there under, certain U.S. financial institutions, such as SEC-registered broker-dealers, may seek to rely on customer identification procedures undertaken by the Investment Manager in order to discharge certain of their own anti-money laundering obligations. In such situations, the Investment Manager may elect to undertake such procedures or to permit such reliance, which may involve sharing of customer identification information between the Investment Manager and the relying financial institution

As mentioned above, the Fund, or the Administrator reserves the right to request such evidence as is necessary to verify the identity, address and source of funds of a prospective investor. The Fund or the Administrator also reserves the right to request such verification evidence in respect of a transferee of Shares. In the event of delay or failure by the prospective investor or transferee to produce any evidence required for verification purposes, the Fund or the Administrator may refuse to accept the application or (as the case may be) to register the relevant transfer, and (in the case of a subscription of Shares) any funds received will be returned without interest to the account from which such funds were originally debited.

The Fund or the Administrator also reserves the right to refuse to make any redemption payment or distribution to a Shareholder if any of the Directors of the Fund or the Administrator suspects or is advised that the payment of any redemption or distribution moneys to such Shareholder might result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure the compliance by the Fund, its Directors or the Administrator with any such laws or regulations in any relevant jurisdiction. The Fund and the Administrator also reserve the right to request such verification evidence in respect of a redemption request.

British Virgin Islands. To comply with the Anti-Money Laundering and Terrorist Financing Code of Practice 2008 (the "Code of Practice") and legal and regulatory requirements in the British Virgin Islands, the Fund is required to verify the identity of all Shareholders and in certain situations undertake enhanced due diligence procedures. The Subscription Agreement must be completed by all subscribers and proposed transferees and the Fund and the Administrator reserve the right to request additional information and documents from any and all subscribers prior to accepting a subscription for Shares in the Fund.

If the Fund or any functionary which is subject to the jurisdiction of the Financial Services Commission has a suspicion or belief that a payment to the Fund (by way of subscription or otherwise) is derived from or represents the proceeds of criminal conduct, that person is compelled under applicable legislation to report such suspicion to the Financial Investigation Agency under the Financial Investigation Agency Act, 2004 and the Financial Services Commission of the British Virgin Islands.

Regulation. The Fund is a "Professional Fund" within the meaning of the British Virgin Islands Securities and Investment Business Act, 2010, as amended ("SIBA"), and as such is subject to supervision

by the Financial Services Commission of the British Virgin Islands (the "BVI Commission"). SIBA requires that the Fund furnish information or provide access to any records, books or other documents which the BVI Commission deems necessary to ascertain compliance with SIBA and the regulations thereunder. Any information, material or documents so furnished or filed with the BVI Commission is deemed privileged by SIBA, and may not be disclosed, except pursuant to court order in criminal proceedings and in certain other cases. The Fund's Certificate of Recognition as a Professional Fund may be cancelled or become conditional if the Fund at any time breaches any provision of the Act or any subsidiary legislation or any condition of its Certificate of Recognition, or if the Fund is convicted of an offense under the laws of the British Virgin Islands, or is operating its business in a manner detrimental to investors or to the public interest, or is declared bankrupt or is in the process of winding up and dissolving its business operations.

Voting Rights; Amendments. The Shares generally carry no voting rights. The Fund has issued Management Shares to TACPL, and therefore, TACPL controls substantially all voting rights of the Fund. Subject to certain limitations, the Fund may amend the Memorandum and Articles of Association by a Resolution of Shareholders or by a Resolution of Directors, which generally requires a majority affirmative vote. The consent in writing of the holders of three-fourths majority of the issued Shares of the relevant Class or Series, or the sanction of a resolution passed at a separate meeting of the holders of the Shares of such Class or Series by a three-fourths majority must be obtained in order to materially adversely vary the rights attached to any such Class or Series.

Arbitration. Whenever any difference arises between the Fund on the one hand and any of the Shareholders or their executors, administrators or assigns on the other hand, such difference shall, unless the parties agree to refer the same to a single arbitrator, be referred to two arbitrators one to be chosen by each of the parties to the difference and the arbitrators shall before entering on the reference appoint an umpire. If either party to the reference makes default in appointing an arbitrator either originally or by way of substitution (in the event that an appointed arbitrator shall die, be incapable of acting or refuse to act) for 10 days after the other party has given him notice to appoint the same, such other party may appoint an arbitrator to act in the place of the arbitrator of the defaulting party.

16. PROCEDURES TO PURCHASE SHARES

In order to subscribe for Shares, a prospective Shareholder should: (i) complete and execute two copies of the Subscription Agreement; and (ii) return the documents as follows:

(a) send one completed and executed original by mail to the Administrator:

Three Arrows Fund, Ltd.
c/o Ascent Fund Services (Singapore) Pte. Ltd.
7 Temasek Boulevard, # 07-07A
Suntec City Tower 1
Singapore 038987

(b) send one completed and executed original by mail to:

Three Arrows Fund, Ltd.
c/o Three Arrows Capital Pte. Ltd
7 Temasek Boulevard
#21-04 Suntec Tower 1
Singapore 038987

For an investor's subscription to be effected as of a particular Subscription Day, the subscription agreement with the required supporting documents and cleared funds must be received by the Subscription Dealing Deadline for that Subscription Day.

Subscription agreements must be sent to the Administrator (acting on behalf of the Fund), at the address set out in the subscription agreement.

All taxes or duties applicable, if any, shall be borne by the subscriber. Prior to the issuance of Participating Shares, paid monies are immediately deposited into the Fund's bank account and kept in custodian status without interest. Upon the issuance of Participating Shares, the Administrator shall, at the direction of the Investment Manager, release funds in order to effect investment by the Fund.

A subscription for Participating Shares should be made by completing and signing the subscription agreement and mailing the same to the Administrator. Alternatively, the Subscription Agreement may be sent by facsimile provided that the original signed subscription agreement follows immediately by courier and is received by the Fund within five (5) days from the date of the facsimile.

The subscription monies in cleared funds should be remitted by telegraphic transfer to the Fund's account in accordance with the transfer instructions set out in the subscription agreement. In addition to the payment for Participating Shares by telegraphic transfer Subscribers are advised whenever possible to apply by facsimile and to make payment by telegraphic transfer to avoid any delay in the allotment of their Participating Shares. Facsimile transmissions and emails sent to the Fund shall only be effective when actually received by the Administrator (acting on behalf of the Fund). None of the Fund, the Investment Manager , the Administrator or the Administrator nor any of their respective subsidiaries, affiliates, directors and other officers, shareholders, servants, employees, agents or permitted delegates or sub-delegates accept any responsibility for any loss arising from the illegibility of, corruption of, non-receipt by the Fund of, or the Fund acting in good faith on, any subscription agreement sent by facsimile or email or for any loss caused in respect of any action taken as a consequence of such facsimile or email instructions believed in good faith to have originated from a properly authorised person. The aforementioned non-acceptance of responsibility for any loss arising from the non-receipt of any Subscription Agreement sent by facsimile is notwithstanding the fact that a facsimile transmission report produced by the originator of such facsimile transmission discloses that the facsimile transmission was sent.

Notwithstanding the method of communication, the Fund, the Investment Manager, the Administrator and the Administrator reserve the right to ask for the production of original documents or other information to authenticate the communication. In the case of mis-receipt or corruption of any message, the sender will be required to re-send the documents.

Unless otherwise agreed by the Directors, the Administrator or the Administrator, if the completed Subscription Agreement, all documents required for the purposes of verifying the identity of the subscriber and source of the subscriber's funds and subscription monies in cleared funds are not received by the applicable time referred to above, the application will be held over to the Subscription Day following receipt of the outstanding documentation, information and/or subscription monies, as the case may be.

If a subscription agreement and/or any required documents and/or the subscription monies in cleared funds are received after the Subscription Dealing Deadline, the application may be rejected and considered void or the Directors or the Investment Manager (on behalf of the Directors) may enforce payment of the sum due on behalf of the Fund (at the Fund's discretion) or the application may be carried forward to the next Subscription Day without interest, provided always that the Investment Manager (on behalf of the Directors) has the absolute discretion to determine which of the aforesaid options to pursue and to accept any late payment or late submission of the Subscription Agreements and any required documents.

The Fund, the Directors, the Investment Manager, the Administrator and the Administrator reserve the right to request such information as is necessary to verify the identity of a subscriber and the source of payment of subscription monies and/or to comply with any law or regulation of any jurisdiction. In the event of delay or failure by the subscriber to produce any information required for verification purposes, the Directors, the Investment Manager, the Administrator and the Administrator (acting on the instructions of the Fund and on its behalf) may refuse to accept the application and, if so, any subscription monies received will be returned without interest at the cost and risk of the subscriber to the account from which monies were originally debited. The Fund, the Directors, the Investment Manager, the Administrator and the Administrator shall not be liable to the subscriber for any loss suffered by the subscriber as a result of the delay in the acceptance or the rejection of such application.

No Subscription Agreement can be withdrawn by a subscriber once such Subscription Agreement has been received by the Administrator on behalf of the Fund, unless the Directors determine otherwise.

Subscribers should also note that all subscription monies must originate from an account in the name of the subscriber. No third party payments will be accepted.

Subscription monies received other than in USD will be converted to USD at the prevailing exchange rate, and all bank charges and other associated conversion costs, if any, will be borne by the subscriber.

The Directors may, in their sole discretion, and provided that the subscriber has made prior arrangements with the Directors, accept an in-specie transfer of assets as payment for the application for subscription of Participating Shares in lieu of cash in whole or in part, upon such terms and conditions as the Directors may deem fit.

Participating Shares will be in registered form. A confirmation notice will be issued by the Administrator as soon as practicable to successful subscribers on acceptance of their Subscription Agreement andreceipt in cleared funds of their subscription monies.

Notwithstanding the foregoing, the Directors or the Investment Manager (on behalf of the Directors) reserve the right to reject any application in whole or in part without assigning any reason, in which event any subscription monies or balance thereof (where an application is accepted in part) will be returned (without interest) to the subscriber (without interest) to the account from which the monies were originally debited by telegraphic transfer at the risk and expense of the subscriber without interest at the subscriber's risk and expense. No third party payments will be made.

A confirmation notice will be issued as soon as practicable to successful subscribers after the relevant Subscription Day.

Subscribers subscribing for Participating Shares in the Fund are advised that the Participating Shares are issued subject to the provisions of the Fund's Memorandum and Articles of Association.

Participating Shares will be issued up to two (2) decimal places, with the residual amount rounded down. Application monies representing smaller fractions of a Participating Share will be retained by the Fund.

EXHIBIT A

PRIVACY POLICY

Financial institutions like Three Arrows Fund, Ltd. and TACPL are required to provideprivacy policy notices to their clients. We believe that protecting the privacy of your nonpublic personal information ("personal information") is of the utmost importance. Personal information is nonpublic information about you that is personally identifiable and that we obtain in connection with providing a financial product or service to you. For example, personal information includes information regarding your account balance and investment activity. This notice describes the personal information that we collect about you, and our treatment of that information.

- We collect personal information about you from the following sources: (i) information we receive from you on fund subscription documents and related forms (for example, name, address, social security number, birth date, assets, income, and investment experience); and (ii) information about your transactions with us, our affiliates, or others (for example, account activity and balances).

- We do not disclose any personal information we collect, as described above, about our customers or former customers to anyone other than in connection with the administration, processing and servicing of customer accounts or to our accountants, attorneys and auditors, or otherwise as permitted or required by law.

- We will be required to obtain significant information from each Shareholder and other direct and indirect investors in the Fund that are designated as "Specified US Persons," and to report this information to the BVI International Tax Authority who would then automatically exchange this information with the government of the United States of America. The required information includes the name, address, taxpayer identification number, country of residence, and certain other information with respect to Shareholders that are designated as "Specified US Persons" or for which the Fund otherwise has reporting obligations.

- We restrict access to personal information we collect about you to our personnel who need to know that information in order to provide products or services to you. We maintain physical, electronic and procedural controls in keeping with federal standards to safeguard your nonpublic personal information.

- We reserve the right to change this notice, and to apply changes to information previously collected, as permitted by law. We will inform you of any changes as required by law.

HARNEYS

Harney Westwood & Riegels LP
Craigmuir Chambers
PO Box 71, Road Town
Tortola VG1110, British Virgin Islands
Tel: +1 284 494 2233
Fax: +1 284 494 3547

21 June 2022

Jayesh.chatlani@harneys.com
+6568009847
048415.0003/JY

Three Arrows Capital Ltd.
c/o ABM Corporate Services, Ltd
1st Floor, Columbus Centre
Road Town, Tortola
British Virgin Islands

Dear Sir or Madam

Statutory Demand – Three Arrows Capital Ltd.

We now enclose by way of service on you the Statutory Demand in respect of the above company.

We would be grateful if you would confirm safe receipt by signing and returning a copy of this letter.

Yours faithfully

Harney Westwood & Riegels

Harney Westwood & Riegels LP
Enc

1. STATUTORY DEMAND

(Under Section 155 of the Insolvency Act, 2003)

670

WARNING:

- **This is an important document. This demand must be dealt with WITHIN 14 or 21 DAYS after its service upon the company or an order appointing a liquidator could be made in respect of the company.**
- **Please read the demand and notes carefully.**

Notes for Creditors

- If the creditor is entitled to the debt by way of assignment, details of the original creditor and any intermediary assignees should be given on page 3.
- If the amount of debt includes interest not previously notified to the company as included in its liability, or any other charge accruing from time to time, the amount or rate of the charge shall be:
  (i) separately identified, including the grounds on which payment of it is claimed; and
  (ii) limited to that amount that has accrued due at the date of the demand.
- Where the Court permits this demand to be served outside the British Virgin Islands, the period of time for compliance with this demand shall be increased to twenty eight (28) days or such longer period of time as the Court may order.
- If signatory of the demand is a legal practitioner or other agent of the creditor, the name of his/her firm should be given.

DEMAND

To Three Arrows Capital Ltd, BC #1710531 (the ***Company***)

Address c/o ABM Corporate Services, Ltd.
1st Floor
Columbus Centre
PO Box 2283, Road Town, Tortola, VG 1110
British Virgin Islands

This demand is served on you by the creditor as identified below.

Name Singapore Bitget Pte Ltd

Address 10 Ubi Crescent
#05-23 Ubi Techpark
Singapore 408564

(the ***Creditor***).

The Creditor claims that the Company owes the sum of US$9,707,226 (i.e. the total sum due and owing to it by the Company of US$16,322,226 (equivalent to 16,322,226 USDT) less the sum of US$6,615,000 being the value of the security interest in respect of part of the sum due and owing valued as at the date of this demand) and late fees accruing thereon at a rate of US$4,109.59 per day.

The Creditor requires that the Company pays the above debt or secure or compound for it to the Creditors' satisfaction **within twenty one (21) days** of the date of the service of this demand on the Company.

Signature of Individual

Name: Jayesh Chatlani

Date: 21 June 2022

Position with or relationship to Creditor: Legal Representative

I am authorised to make this demand on the Creditor's behalf

Address: c/o Harney Westwood & Riegels
P.O. Box 71, Road Town,
Tortola, British Virgin Islands
Telephone Number: 1-284-494-2233

266

PARTICULARS OF DEBT

These particulars must include (a) when the debt was incurred, (b) the consideration for the debt (or if there is no consideration the way in which it arose) and (c) the amount due as at the date of this demand)

1. The Company is indebted to the Creditor in the sum of **US$16,322,226** (equivalent to 16,322,226 USDT) together with late fees accruing thereon daily at a rate of US$4,109.59 per day.

2. On 21 March 2022, the Company and the Creditor entered into a Master Loan Agreement (the ***MLA***) and a Loan Term Sheet at Exhibit B to the MLA (the ***1st LTS***) pursuant to which the Creditor loaned a sum of 5 million USDT (equivalent to USD5 million) to the Company at a borrow fee of 9.65% with a loan term of one (1) month.

3. On 19 April 2022, the parties agreed to extend the loan maturity date under the 1st LTS to 22 May 2022. Accordingly and pursuant to Clause II(c)(i) of the MLA and the 1st LTS, on 23 May 2022 the sum of 5 million USDT and borrow fee of 9.65% became due and payable. A copy of the MLA with the 1st LTS as Exhibit B thereto is attached as **Annex 1.**

4. On 1 June 2022, the Company and the Creditor entered into a second Loan Term Sheet (the ***2nd LTS***) which incorporated all of the terms of the MLA. Pursuant to the 2nd LTS, the Creditor loaned a sum of 10 million USDT (equivalent to USD10 million) to the Company at a borrow fee of 8.00% on an open term basis. A copy of the 2nd LTS is attached at **Annex 2.** The 2nd LTS is secured by 314.96062992 BTC (equivalent to approximately US$6,615,000 as at the date of this demand).

5. Payment of the principal and borrow fee due under the MLA and the 1st LTS was not made on 23 May 2022. As such, on 17 June 2022 the Company (through its Singapore legal representatives Morgan Lewis Stanford) sent a letter to the Company (the ***Demand Letter***) stating that Clause II(c)(i) of the MLA and the 1st LTS had been breached and declaring that an Event of Default had occurred pursuant to Clause VIII(a) of the MLA. Pursuant to Clause IX(a) of the MLA, the entire sum of 15,132,815 USDT being 5,097,746 USDT under the 1st LTS and 10 million USDT with accrued borrow fee under the 2nd LTS due as at the date of the Demand Letter became immediately due and payable. A copy of the Demand Letter is attached at **Annex 3.** No reply has been received to the Demand Letter.

6. To date no payment in respect of the outstanding sums has been made and the Company is indebted to the Creditor in the sum of US$16,322,226 (equivalent to 16,322,226 USDT), of which US$9,707,226 is unsecured (the ***Debt***) as of the date of this statutory demand together with late fees accruing thereon at a rate of US$4,109.59 per day.

7. As at the date of this demand the entirety of the Debt remains due and outstanding.

PART A

672

The Individual to whom any communication regarding this demand may be addressed is:

Name	**HARNEY WESTWOOD & RIEGELS** **Attention: Jayesh Chatlani**
Address	Craigmuir Chambers P.O. Box 71, Road Town, Tortola British Virgin Islands
Telephone Number	+1 284-494-2233
Reference	048415.0004

PART B

For completion if the creditor/s is or are entitled to the debt by way of assignment

	Name	Date(s) of Assignment
Original Creditor		
Assignees		

PART C

How to comply with a Statutory Demand

If the Company wishes to avoid an application for the appointment of a liquidator being presented against it, the Company must pay the debt shown on page 1, particulars of which are set out on page 2 of this notice, **within the period of twenty one (21) days** after its service upon the Company. Alternatively, the Company can attempt to come to a settlement with the Creditors. To do this the Company should:

- Inform the individual (or one of the individuals) named in part A above immediately that it is willing and able to offer security for the debt to the Creditors' satisfaction; or
- Inform the individual (or one of the individuals) named in part A above immediately that it is willing and able to compound for the debt to the Creditors' satisfaction.

If the Company disputes the demand in whole or in part it should:

- Contact the individual (or one of the individuals) named in part A above immediately and consider its options with regard to having this demand set aside

HOW TO SET ASIDE A STATUTORY DEMAND: YOUR RIGHTS UNDER SECTION 156 OF THE INSOLVENCY ACT, 2003

- The Company may apply to the Commercial Division, High Court of Justice, Road Town, Tortola, British Virgins Islands (**"The High Court"**) to have this demand set aside.
- **Any application to set aside this demand must be made within fourteen (14) days of service of this demand upon the Company.**
- The Court may not extend the time for making or serving an application to set aside the demand.

N.B.: An application to set aside a statutory demand must be supported by an affidavit which: 673

(I) specifies the date upon which the Company was served with the statutory demand; and

(II) states the grounds upon which the Company claims that the statutory demand should be set aside.

REMEMBER!

From the date of service on the Company of this document the Company has only:

(i) fourteen (14) days to apply to The High Court to have this demand set aside; and

(II) twenty one (21) days before the Creditors may present an application for the appointment of a liquidator.

Annex 1

MASTER LOAN AGREEMENT

This Master Loan Agreement ("Agreement") is made on this 21Mar2022("Effective Date") by and between Singapore Bitget Pte Ltd("Singapore Bitget Pte Ltd" or "Lender"), a corporation and Three Arrows Capital Ltd ("Three Arrows Capital" or "Borrower") a corporation organized and existing under the laws of British Virgin Islands, with its principal place of business at 7 Temasek Boulevard #21-04, Singapore 038987.

RECITALS

WHEREAS, subject to the terms and conditions of this Agreement, Borrower may, from time to time, seek to initiate a transaction pursuant to which Lender will lend U.S. Dollars or Digital Currency to Borrower, and Borrower will return such U.S. Dollars or Digital Currency to Lender upon the termination of the Loan; and

Now, therefore, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which hereby acknowledged, the Borrower and the Lender hereby agree as follows:

I. Definitions

"***Airdrop***" means a distribution of a new token or tokens resulting from the ownership of a preexisting token. For the purposes of Section V, an "***Applicable Airdrop***" is an Airdrop for which the distribution of new tokens can be definitively calculated according to its distribution method, such as a pro rata distribution based on the amount of the relevant Digital Currency held at a specified time. A "***Non-Applicable Airdrop***" is an Airdrop for which the distribution of new tokens cannot be definitively calculated, such as a random distribution, a distribution to every wallet of the relevant Digital Currency, or a distribution that depends on a wallet of the relevant Digital Currency meeting a threshold requirement.
"***Authorized Agent***" has the meaning set forth in Exhibit A.
"***Borrower***" means Three Arrows Capital
"***Borrowed Amount***" refers to the value of the Loaned Assets in U.S. dollars on the Loan Effective Date.
"***Borrower Email***" means operations@threearrowscap.com
"***Business Day***" means a day on which on which banks are open for business, following the Singapore calendar of holidays.
"***Business Hours***" means between the hours of 9:00 am to 5:00 pm Singapore time on a Business Day.
"***Call Option***" means Lender has the option to demand immediate payment of a portion or the entirety of the Loan Balance at any time, subject to this Agreement.
"***Close of Business***" means 5:00 pm Singapore time.
"***Collateral***" is defined as set forth in Section IV(a)
"***Digital Currency***" means Bitcoin (BTC), Ether (ETH), or Litecoin (LTC), or any digital currency that the Borrower and Lender agree upon.

"***Digital Currency Address***" means an identifier of 26-34 alphanumeric characters that represents a digital identity or destination for a transfer of Digital Currency.
"***Fixed Term Loan***" means a Loan with a pre-determined Maturity Date, where Borrower does not have a Prepayment Option and Lender does not have a Call Option.
"***Hard Fork***" means a permanent divergence in the block chain (e.g. when non-upgraded nodes cannot validate blocks created by upgraded nodes that follow newer consensus rules, or an airdrop or any other event which results in the creation of a new token).
"***Lender***" means xxxxx
"***Loan***" means a request for a loan or an actual loan of Digital Currency or U.S. Dollars made pursuant to and in accordance with this Agreement and a Loan Term Sheet.
"***Loan Balance***" means the sum of all outstanding amounts of Loaned Asset, Loan Fees, Late Fees, and any Earlier Termination Fee for a particular Loan.
"***Loan Documents***" means this Master Loan Agreement and any and all Loan Term Sheets entered into between Lender and Borrower.
"***Loan Effective Date***" means the date on which a Loan begins.
"***Loan Fee***" means the fee paid by Borrower to the Lender for the Loan as set out in Section III.
"***Loan Term Sheet***" means the agreement between Lender and Borrower on the particular terms of an individual Loan, which shall be memorialized in an agreement as set forth in Exhibit B or in a form approved by Lender comparable therewith.
"***Loaned Assets***" means any Digital Currency or U.S. Dollar amount transferred in a Loan hereunder until such Digital Currency (or identical Digital Currency) or U.S. Dollar amount is transferred back to Lender hereunder except that, if any new or different Digital Currency is created or split by a Hard Fork or other alteration in the underlying blockchain and meets the requirements set forth in Section V of this Agreement, such new or different Digital Currency shall be deemed to become Loaned Assets in addition to the former Digital Currency for which such exchange is made. For purposes of return of Loaned Digital Currency by Borrower or purchase or sale of Digital Currencies pursuant to Section IX, such term shall include Digital Currency of the same quantity and type as the Digital Currency, as adjusted pursuant to the preceding sentence.
"***Loaned Digital Currency***" means any Loaned Assets that consist of Digital Currency.
"***Maturity Date***" means the pre-determined future date upon which a Fixed Term Loan becomes due in full.
"***Open Loan***" means a Loan without a Maturity Date where Borrower has a Prepayment Option and Lender has a Call Option.
"***Prepayment Option***" means the Borrower has the option to repay or return the Loaned Assets prior to the Maturity Date, subject to this Agreement.
"***Term***" means the period from the Loan Effective Date through Termination Date.
"***Term Loan with Prepayment Option***" means a Loan with a pre-determined Maturity Date where Borrower has a Prepayment Option.
"***Termination Date***" means the date upon which a Loan is terminated.

II. General Loan Terms.

(a) Loans of Digital Currency or U.S. Dollars

Subject to the terms and conditions hereof, Borrower may, in its sole and absolute discretion, request from the Lender a Loan to Borrower of a specified amount of Digital Currency or U.S. Dollars, and Lender may, in its sole and absolute discretion, extend such Loan or decline to extend such Loan on terms acceptable to Lender and as set forth in a corresponding Loan Term Sheet. The Borrower shall be required to satisfy any KYC requirements which may be imposed by the Lender and to provide any KYC documents as may be required by the Lender.

(b) Loan Procedure

From time to time during the Term of this Agreement, during the hours of 9:00 am Singapore time to 3:00 pm Singapore time on a Business Day (the "Request Day"), by email directed to hippy@bitget.com (or such other address as Lender may specify in writing), an Authorized Agent of Borrower may request from Lender a Loan of a specific amount of Digital Currency or U.S. Dollars (a "Lending Request"). Provided Lender receives such Lending Request prior to 3:00 pm Singapore time, Lender shall by email directed to Borrower Email (or such other address as Lender may specify in writing) to inform Borrower whether Lender agrees to make such a Loan. If Lender fails to provide Borrower with an acceptance as to a particular Lending Request prior to Close of Business on the Request Day, such Lending Request shall be deemed to have be denied by Lender.

As part of its Lending Request, Borrower shall provide the following proposed terms:

(i) Whether U.S. Dollars or Digital Currency, and if Digital Currency, the type of Digital Currency;

(ii) the amount of Digital Currency or U.S. Dollars;

(iii) whether the Loan is to be a Fixed Term Loan, a Term Loan with Prepayment Option, or an Open Loan;

(iv) the Loan Effective Date;

(v) the Maturity Date (if a Fixed Term Loan or a Term Loan with Prepayment Option).

If Lender agrees to make a Loan, Lender shall commence transmission to either (x) the Borrower's Digital Currency Address the amount of Digital Currency; or (y) Borrower's bank account by bank wire the amount of U.S. Dollars, as applicable, as such Digital Currency Address or bank wire instruction is set forth in the Lending Request on or before Close of Business on the Request Day.

The specific and final terms of a Loan shall be memorialized using the Loan Term Sheet. In the event of a conflict of terms between this Master Loan Agreement and a Loan Term Sheet, the terms in the Loan Term Sheet shall govern.

(c) Loan Repayment Procedure

(i) Loan Repayment

Unless otherwise specified in subsections (ii) and (iii) below, upon the earlier of the Maturity Date, the Recall Delivery Day, or the Redelivery Day (as defined below) for a Loan, Borrower shall repay the entirety of the Loan Balance to Lender by Close of Business on the Maturity Date, the Recall Delivery Day, or the Redelivery Day (as the case may be).

'(ii) Call Option

For Loans in which the Lender has a Call Option (e.g. Open Loans, etc.), Lender may during Business Hours (the "Recall Request Day") demand repayment of a portion or the entirety of the Loan Balance (the "Recall Amount"). Lender will notify Borrower of Lender's exercising of this right by email to Borrower's Email. Borrower will then have until Close of Business on the second Business Day after the Recall Request Day (the "Recall Delivery Day") to deliver the Recall Amount.

In the event of a Call Option where Lender demands only a portion of the Loan Balance, Borrower shall repay said portion of the Loan Balance on the Recall Day and the remaining portion of the Loan Balance on the earlier of the Maturity Date or the subsequent Recall Delivery Day.

(iii) Prepayment Option

For Loans in which Borrower has a Prepayment Option (e.g. Open Loans, Term Loans with Prepayment Option, etc.), Borrower may notify Lender during Business Hours of Borrower's intent to return the Loan prior maturity or Lender's exercising of its Call Option without being subject to Early Termination Fees as set forth in Section III(d). Borrower shall provide said notice at least two Business Days prior to the date on which the Borrower will repay all or a portion of the Loan Balance (said later date, the "Redelivery Date"). Borrower's exercising of its Prepayment Option shall not relieve it of any of its obligations herein, including without limitation its payment of owed Loan Fees and Late Fees.

In the event of a Prepayment Option where the Borrower repays only a portion of the Loan Balance, Borrower shall repay said portion of the Loan Balance on the Redelivery Day and the remaining portion of the Loan Balance on the earlier of the Maturity Date, Recall Day, or subsequent Redelivery Day.

(d) Termination of Loan

Loans will terminate upon the earlier of:

(i) the Maturity Date;

(ii) the repayment of the Loan Balance by Borrower prior to the Maturity Date;

(iii) Upon an Event of Default as defined in Section VII; however, Lender shall have the right in its sole discretion to suspend the termination of a Loan under this subsection (iii) and reinstitute the Loan. In the event of reinstitution of the Loan pursuant to the preceding sentence, Lender does not waive its right to terminate the Loan hereunder or

(iv) in the event any or all of the Loaned Assets becomes in Lender's sole discretion a risk of being: (1) considered a security, swap, derivative, or other similarly-regulated financial instrument or asset by any regulatory authority, whether governmental, industrial, or otherwise, or by any court of law or dispute resolution organization, arbitrator, or mediator; or (2) subject to future regulation materially impacting this Agreement, the Loan, or Lender's business.

Nothing in the forgoing shall cause, limit, or otherwise affect the Term and termination of this Agreement except as specified in Section XXIV.

III. Loan Fees and Transaction Fees.

(a) Loan Fee

Unless otherwise agreed, Borrower agrees to pay Lender a financing fee (the "Loan Fee") on each Loan. When a Loan is executed, the Borrower will be responsible to pay the Loan Fee as agreed to herein and in the relevant Loan Term Sheet, annualized and subject to change if thereafter if agreed by Borrower and Lender. Except as Borrower and Lender may otherwise agree, Loan Fees shall accrue from and include the date on which the Loaned Assets are transferred to Borrower to the date on which such Loaned Assets are repaid in their entirety to Lender.

Lender shall calculate any Loan Fees owed on a daily basis and provide Borrower with the calculation upon request. The Loan Fee will be calculated off all outstanding portions of the Loaned Assets. The Loan Fee is payable [monthly] by Borrower in arrears and shall be paid in in the same asset that was borrowed under the Loan, whether U.S. Dollars or Digital Currency on the same blockchain and of the same type that was loaned by the Lender during the Loan.

(b) Late Fee

For each Calendar Day in excess of the Maturity Date or the Recall Delivery Day (whichever is applicable) in which Borrower has not returned the entirety of the Loaned Assets or failed to timely pay any outstanding Loan Fee in accordance with section III(c), Borrower shall incur an additional fee (the "Late Fee") of a10% (annualized, calculated daily) increase on top of the Loan Fee. If a Late Fee is imposed due to an event that would constitute an Event of Default, the imposition of such Late Fee by the Lender does not constitute a waiver of its right to declare an Event of Default for the same event.

(c) Payment of Loan Fees and Late Fees

Unless otherwise agreed, any Loan Fee or Late Fees payable hereunder shall be paid by Borrower upon the earlier of (i) five (5) Business Days after receipt of an invoice

from Lender or (ii) the termination of all Loans hereunder (the "Payment Due Date"). An invoice for Loan Fees and any Late Fees (the "Invoice Amount") shall be sent out on the first Business Day of the month and shall include any Loan Fees, Late Fees, and Early Termination Fees incurred during the previous month. Borrower shall have up to five Business Days from sending of said Invoice to pay the Invoice Amount. Failure of Lender to timely send an invoice in accordance with the preceding sentence shall not relieve Borrower of its obligation to pay any Loan Fees, Late Fees, and Early Termination Fees owed herein nor negate any Event of Default resulting from Borrower's failure to timely pay such fees . The Loan Fee, Late Fees, and Early Termination Fees shall be payable, unless otherwise agreed by the Borrower and Lender, in the same asset that was Borrowed, whether U.S. Dollars or Digital Currency on the same blockchain and of the same type that was loaned by the Lender during the Loan.

Notwithstanding the foregoing, in all cases, all Loan Fees, Late Fees, and Early Termination Fees shall be payable by Borrower immediately upon the occurrence of an Event of Default hereunder by Borrower.

(d) Early Termination Fees

For Fixed Term Loans, if Borrower returns the Loaned Assets prior to the Maturity Date, Borrower shall pay to Lender an early termination fee" equal to thirty percent (30%) of the Loan Fee that would have accrued from the date of the repayment until the Maturity Date of the Loan (the "Early Termination Fee"). The Early Termination Fee is due with the repayment of the Loaned Assets. The Early Termination Fee shall not apply if Borrower returns the Loaned Assets to Lender in the event of a Hard Fork (as defined in Section IV) for the purposes of allowing Lender to split the tokens in accordance with Section IV (h).

(c) Taxes and Fees

All transfer or other taxes or third party fees payable with respect to the transfer, repayment,
and/or return of any Loaned Assets or Collateral hereunder shall be paid by Borrower.

IV. Collateral Requirements

(a) Collateral

Unless otherwise agreed by the parties, or modified in the Loan Term Sheet or as set forth below, Borrower shall provide as collateral an amount of U.S. Dollars, Bitcoin or Ether (such choice at the sole discretion of Lender), to be determined and agreed upon by the Borrower and Lender ("Collateral") and memorialized using the Loan Term Sheet. The Collateral will be calculated as a percentage of the value of the Loaned Assets, such value determined by a spot rate agreed upon in the Loan Term Sheet. Borrower shall, prior to or concurrently with the transfer of the Loaned Assets to Borrower, but in no case later than the Close of Business on the day of such transfer, transfer to Lender the agreed upon Collateral.

Collateral shall always be valued in U.S. Dollars, but Borrower may, if mutually agreed by both parties, provide the Collateral (in whole or in part) to Lender in Bitcoin or Ether in an amount equal to the value of the Collateral in U.S. Dollars at a spot rate determined by Lender. For the avoidance of doubt, upon the repayment of the Loaned Assets at the termination of a Loan, Lender shall return to Borrower the same amount and type of Collateral that was deposited, net of any Additional Collateral or Margin Call adjustments (as defined below in paragraph (b)). If a Hard Fork in the Bitcoin or Ether blockchain meeting the criteria in Section V occurs while Lender is holding Bitcoin or Ether as Collateral, Lender shall return the New Tokens (as defined in Section V) to Borrower in addition to the Collateral and Additional Collateral. If a Hard Fork occurs that does not meet the criteria in Section V, Lender shall have no obligation to return any New Tokens to Borrower.

The Collateral transferred by Borrower to Lender, as adjusted herein, shall be security for Borrower's obligations in respect of such Loan and for any other obligations of Borrower to Lender hereunder. Borrower hereby pledges with, assigns to, and grants Lender a continuing first priority security interest in, and a lien upon, the Collateral, which shall attach upon the transfer of the Loaned Assets by Lender to Borrower and which shall cease upon the transfer of the return of the Loaned Assets by Borrower to Lender. In addition to the rights and remedies given to Lender hereunder, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code and any other applicable laws. Lender shall be entitled to use the Collateral to conduct its digital currency lending and borrowing business, including but not limited to lending, investing or transferring the Collateral to other accounts or bank accounts . Such entitlement and use shall not relieve Borrower or Lender of any of its obligations hereunder.(b) Loan and Collateral Transfer

If Lender transfers Loaned Assets to Borrower and Borrower does not transfer Collateral to Lender as provided in Section IV(a), Lender shall have the absolute right to the return of the Loaned Assets; and if Borrower transfers Collateral to Lender, as provided in Section IV(a), and Lender does not transfer the Loaned Assets to Borrower, Borrower shall have the absolute right to the return of the Collateral.

(c) Margin Calls

If during the Term of a Loan the value of the Collateral, using the current spot rate as indicated on GDAX, as a percentage of the "Amount of Asset" specified on the Loan Term Sheet falls below the "Margin Call Level" on the Loan Term Sheet, Lender shall have the right to require Borrower to contribute additional Collateral so that the Collateral value as a percentage of the "Amount of Asset" is equal to the "Collateral Level" as indicated on the Loan Term Sheet (the "Additional Collateral").

In the event the value of the Loaned Assets decreases below the value of the Collateral, Lender may, at its sole discretion, return a portion of the Collateral in an amount determined by Lender; however, in such an event, Lender reserves its rights under this Section IV to request Borrower to contribute collateral up to the original amount of Collateral and also Additional Collateral if required.

If Lender requires Borrower to contribute Additional Collateral, it shall send an email notification (the "First Notification") to the Borrower at the email address indicated in Section XIV (or such other address as the parties shall agree to in writing) that sets forth: (i) the value of the Loaned Assets, (ii) the value of the collateral, (iii) the Margin Spot Rate, if applicable and (iv) the amount of Additional Collateral required based on the Margin Call Level or, if appliable, the Margin Call Spot Rate. Borrower shall have twelve (12) hours from the time Lender sends such First Notification to (x) respond and send payment to Lender in accordance with subsection (c) below, or (y) respond that the spot rate as indicated on GDAX has changed sufficiently such that it is no longer at or above the Margin Call Spot Rate. If Lender agrees by email that Borrower's response according to (y) above is correct, then no other action is required by Borrower. If Lender fails to agree by email with Borrower's response in accordance with (y) by Close of Business that same day, such shall be deemed as Lender's rejection of Borrower's response and a re-statement of Lender's demand for Borrower to contribute Additional Collateral.

If Borrower fails to respond to the First Notification within twelve hours, or Lender rejects Borrower's response pursuant to (y) above, whether affirmatively by email or by non-reply as set forth above, and the spot rate of the Loaned Assets is still at least at the Margin Call Spot Rate, Lender shall send a second email notification (the "Second Notification") repeating the information in (i) and (ii) in the paragraph above. Borrower shall have six (6) hours from the time Lender sends the Second Notification to respond according to (x) or (y) above, and Lender has the right to accept or reject Borrower's response as stated above. Failure by Borrower to respond to either the First Notification or the Second Notification, shall give Lender the option to declare an Event of Default under Section VIII below.

Borrower acknowledges that its obligations hereunder continue regardless of Lender's request for Additional Collateral and Borrower's acceptance or rejection of the same.

(d) Payment of Additional Collateral

Payment of the Additional Collateral shall be made by bank wire to the account specified in the Loan Term Sheet, or to the Digital Currency Address specified in the Loan Term Sheet, as applicable; or by a return of the amount of Loaned Assets necessary to make the Collateral percentage indicated in the Loan Term Sheet correct based on the Margin Call Level or, if applicable, the Margin Call Spot Rate. For any return of Loaned Assets made in accordance with this Section, Borrower is still responsible for payment of any Early Termination Fees that apply to the particular Loan.

(e) Return of Collateral

Upon Borrower's repayment of the Loan and acceptance by Lender of the Loaned Assets into Lender's Digital Currency Address or bank account, with such delivery being confirmed on the relevant Digital Currency blockchain ten times (if applicable), Lender shall initiate the return of Collateral within five Business Days to a bank account designated by Borrower or, where Digital Currency is Collateral, into an applicable Digital Currency account on the behalf of Borrower.

V. Hard Fork

(a) Notification

In the event of a public announcement of a future Hard Fork or an Airdrop in the blockchain for any Loaned Digital Currency, Lender shall provide email notification to Borrower.

(b) No Immediate Termination of Loans Due to Hard Fork

In the event of a Hard Fork in the blockchain for any Loaned Digital Currency or an Airdrop, any outstanding Loans will not be immediately terminated. Borrower and Lender may agree, regardless of Loan type, for Lender to manage the Hard Fork on the behalf of Borrower through Borrower returning the Loaned Digital Currency to Lender two business days prior to the scheduled Hard Fork or Airdrop. Lender shall not be obligated to return any Collateral to the Borrower during the period in which Lender manages the Digital Currency on the behalf of Borrower. Lender shall fork the Loaned Digital Currency, and following the Hard Fork shall return to Borrower the Loaned Digital Currency but not any New Tokens (as defined below). For any whole days in which Lender manages the Loan Digital Currency pursuant to this section, the Loan Fee for those days shall not accrue. Nothing herein shall relieve, waive, or otherwise satisfy Borrower's obligations hereunder, including without limitation, the return of the Loaned Assets at the termination of the Loan and payment of accrued Loan Fees, which includes the per diem amounts for days on which Borrower transfers Digital Currency to Lender and Lender transfers said Digital Currency back to Borrower pursuant to this section.

(c) Lender's Right to New Tokens

Lender will receive the benefit and ownership of any incremental tokens generated as a result of a Hard Fork in the Digital Currency protocol or an Applicable Airdrop (the "New Tokens") if any two of the following four conditions are met:

- *Hash Power*: the average hash power mining the New Token on the 30th day following the occurrence of the Hard Fork or Applicable Airdrop (calculated as a 30-day average on such date) is at least 5% of the hash power mining the Loaned Assets on the day preceding the Hard Fork or Applicable Airdrop (calculated as a 3-day average of the 3 days preceding the Hard Fork).
- *Market Capitalization*: the average market capitalization of the New Token (defined as the total value of all New Tokens) on the 30th day following the occurrence the Hard Fork or Applicable Airdrop (calculated as a 30-day average on such date) is at least 5% of the average market capitalization of the Loaned Assets (defined as the total value of the Loaned Assets) (calculated as a 30-day average on such date).
- *24-Hour Trading Volume*: the average 24-hour trading volume of the New Token on the 30th day following the occurrence the Hard Fork or Applicable Airdrop (calculated as a 30-day average on such date) is at least 1% of the average 24-hour trading volume of the Loaned Assets (calculated as a 30-day average on such date).
- *Wallet Compatibility*: the New Token is supported by either BitGo wallets or Ledger wallets within 30 days of the Hard Fork or Applicable Airdrop.

For the above calculations, the source for the relevant data on the Digital Currency hash power, market capitalization, and 24-Hour trading volume will be blockchain.info (or, if blockchain.info does not provide the required information, bitinfocharts.com, and if neither provides the required information, the parties shall discuss in good faith to mutually agree upon another data source) and the source for the hash power of the New Token will be bitinfocharts.com (or, if bitinfocharts.com does not provide the required information, the parties shall discuss in good faith to mutually agree upon another data source prior to the 30-day mark of the creation of the New Token).

If the Hard Fork or Applicable Airdrop meets the criteria above, Borrower will have up to 60 days from the Hard Fork or Applicable Airdrop to transfer the New Tokens to Lender. If sending the New Tokens to Lender is prohibitively burdensome, upon Lender's written agreement with Borrower, Borrower can reimburse Lender for the value of the New Tokens with any combination of a one-time payment in the same Loaned Digital Currency transferred as a part of the Loan reflecting the amount of the New Tokens owed using the agreed upon spot rate at the time of said repayment or returning the borrowed Digital Currency so that Lender can manage the split of the underlying digital tokens as described in subsection (b) above. Alternatively, subject to Lender's written agreement, the parties may agree to other methods of making Lender whole for Borrower's failure to transfer New Tokens to Lender. In all cases, Borrower will be solely responsible for payment of additional costs incurred by such transfer methods, including but not limited to technical costs, third party fees, and tax obligations for the transaction, including but not limited to a tax gross-up payment. For the avoidance of doubt, if Borrower returns a Loan to Lender prior to the 30th day following a Hard Fork, Borrower's obligations under this Section V shall continue for any New Tokens that meet the criteria in this subsection (c) for such Loan on the 30th day following the Hard Fork. Lender's rights to New Tokens as set forth in this Section shall survive the termination of the relevant Loan, return of the Loaned Digital Currency, and termination of this Agreement. If Borrower fails to transfer the New Tokens to Lender, or provide alternative compensation to Lender as agreed to in accordance with this subsection, within 60 days from the Hard Fork or Applicable Airdrop, such failure will be considered an Event of Default.

VI. Representations and Warranties.

The parties to this Agreement hereby make the following representations and warranties, which shall continue during the term of this Agreement and any Loan hereunder:

(a) Each party hereto represents and warrants that (a) it has the power to execute and deliver this Agreement, to enter into the Loans contemplated hereby and to perform its obligations hereunder, (b) it has taken all necessary action to authorize such execution, delivery and performance, and (c) this Agreement constitutes a legal, valid, and binding obligation enforceable against it in accordance with its terms.

(b) Each party hereto represents and warrants that it has not relied on the other for any tax or accounting advice concerning this Agreement and that it has made its own determination as to the tax and accounting treatment of any Loan , any Digital Currency, Collateral, or funds received or provided hereunder.

(c) Each party hereto represents and warrants that it is acting for its own account.

(d) Each party hereto represents and warrants that it is a sophisticated party and fully familiar with the inherent risks involved in the transaction contemplated in this Agreement, including, without limitation, risk of new financial regulatory requirements, potential loss of money and risks due to volatility of the price of the Loaned Assets, and voluntarily takes full responsibility for any risk to that effect.

(e) Each party represents and warrants that it is not insolvent and is not subject to any bankruptcy or insolvency proceedings under any applicable laws

(f) Each party represents and warrants there is no proceedings pending or, to its knowledge, threatened, which could reasonably be anticipated to have any adverse effect on the transactions contemplated by this Agreement or the accuracy of the representations and warranties hereunder or thereunder.

(g) Each party represents and warrants that to its knowledge the transactions contemplated in this Agreement are not prohibited by law or other authority in the jurisdiction of its place of incorporation, place of principal office, or residence and that it has necessary licenses and registrations to operate in the manner contemplated in this Agreement.

(h) Lender represents and warrants that it has, or will have at the time of transfer of any Assets, the right to transfer such Loaned Assets subject to the terms and conditions hereof, and that it owns the Loaned Assets, free and clear of all liens.

(i) Borrower represents and warrants that it has, or will have at the time of transfer of any Loaned Assets, the right to transfer such Loaned Assets subject to the terms and conditions hereof, and, free and clear of all liens and encumbrances other than those arising under this Agreement.

(j) Borrower represents and warrants that it has, or will have at the time of transfer of any Collateral, the right to grant a first priority security interest in said Collateral subject to the terms and conditions hereof.

VII. Covenants

Promptly upon (and in any event within seven (7) Business Days after) the execution of this Agreement, Borrower shall furnish Lender with Borrower's most recent audited annual and (if applicable) quarterly financial statements and any other financial statements mutually agreed upon by Borrower and Lender. For each successive year, Borrower shall also furnish Lender with Borrower's future audited annual financial statements by Borrower's fiscal year end or within seven (7) Business Days thereof.

VIII. Default

It is further understood that any of the following events shall constitute an event of default hereunder, and shall be herein referred to as an "Event of Default" or "Events of Default":

(a) the failure of the Borrower to return any and all Loaned Assets upon termination of the Loan;

(b) the failure of Borrower to pay any and all Loan Fees, Late Fees, or Early Termination Fees when due hereunder or to remit any New Tokens in accordance with Section V; however, Borrower shall have ten days to cure such default;

(c) the failure of either party to transfer Collateral or Additional Collateral, or a failure by Borrower to respond to Lender's First or Second Notifications, as required by Section IV;

(d) a material default by the Borrower in the performance of any of the agreements, conditions, covenants, provisions or stipulations contained in this Agreement, including without limitation a failure by Borrower to abide by its obligations in Section IV or V of this Agreement and Borrower's failure to cure said material default within ten days;

(e) any Event of Default (as such term is defined each applicable Loan Term Sheets) shall occur and shall be continuing beyond any applicable grace periods under such Loan Term Sheets;

(f) any bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings for the relief of debtors or dissolution proceedings shall be instituted by or against the Borrower;

(g) any event or circumstance occurs or exists that is a material adverse effect on the business, operations, prospects, property, assets, liabilities or financial condition of, such party, taken as a whole, or a material adverse effect on the ability of Borrower to perform its obligations under the Loan Documents, including but not limited to the ability to return, transfer, repay, or pay any and all Loaned Assets, Loan Fees, and Late Fees.

(h) Borrower causes or permits any partner, member or other equity interest holder in Borrower to, directly or indirectly, transfer, convey, assign, mortgage, pledge, hypothecate, alienate or lease the partnership interest, membership interest or other equity interest of such partner, member, other equity interest holder in Borrower without Lender's prior written consent. Notwithstanding the

foregoing, the Lender shall not unreasonably withhold suchconsent for transfers of membership interests for purposes of estate planning which do not result in a change of control of the Borrower.

(i) any representation or warranty made in any of the Loan Documents proves to be incorrect or untrue in any material respect as of the date of making or deemed making thereof;

(j) either party notifies the other of its inability to or its intention not to perform its obligations hereunder or otherwise disaffirms, rejects, or repudiates any of its obligations hereunder; or

(k) Borrower's default in any other agreement or failure to perform any obligation with Lender or any of its affiliates.

IX. Remedies

(a) Upon the occurrence and during the continuation of any Event of Default, the Lender may, at its option: (1) declare the entire Loan Balance outstanding for any Loan hereunder immediately due and payable; (2) terminate this Agreement and any Loan upon notice to Borrower; (3) transfer any Collateral from the collateral account to Lender's operating account necessary for the payment of any liability or obligation or indebtedness created by this Agreement, including but not limited to using the Collateral to purchase the relevant Digital Currency to replenish Lender's supply of the relevant Digital Currency or selling any Collateral in a relevant market for such Digital Currency; (4) purchase on Lender's own account a like amount of Loaned Assets in a relevant market for such Digital Currency; (5) exercise its rights under Section XVI herein; and (6) exercise all other rights and remedies available to the Lender hereunder, under applicable law, or in equity; provided, that upon any Event of Default pursuant to Section VIII the Borrowed Amount and the amount of any Borrowing Fee then outstanding hereunder shall automatically become and be immediately due and payable.

(b) On the occurrence of any Event of Default under Sections VIII(e) or (f), this Agreement and all Loans made pursuant to this Agreement shall be terminated immediately and become due and payable and Lender shall have immediate right to the Collateral to the fullest extent permitted herein and by law.

(c) In the event that the purchase price of any replacement Digital Currency pursuant to subsections (a)(3) & (a)(4) above exceeds the amount of the Collateral, Borrower shall be liable to Lender for the amount of such excess together with interest thereon as specified in the Term Sheet. As security for Borrower's obligation to pay such excess, Lender shall have, and Borrower hereby grants, a security interest in any property of Borrower then held by or for Lender and a right of setoff with respect to such property and any other amount payable by Lender to Borrower. The purchase price of replacement Digital Currency purchased under this Section shall include, and the proceeds of any sale of Collateral shall be determined after deduction of, broker's fees and commissions and all other reasonable costs, fees and expense

related to such purchase or sale (as the case may be). In the event Lender exercises its rights under this Section, Lender may elect in its sole discretion, in lieu of purchasing all or a portion of the replacement Digital Currencies or selling all or a portion of the Collateral, to be deemed to have made, respectively, such purchase of replacement Digital Currencies or sale of Collateral for an amount equal to the price therefor on the date of such exercise obtained from a generally recognized source.

(d) To the extent that the Loans are now or hereafter secured by property other than the Collateral, or by the guarantee, endorsement or property of any other person, then Lender shall have the right in its sole discretion to determine which rights, security, liens, security interests or remedies Lender shall at any time pursue, relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of them or any of Lender's rights hereunder.

(e) In connection with the exercise of its remedies pursuant to this Section IX, Lender may (i) exchange, enforce, waive or release any portion of the Collateral or Loans in favor of the Lender or relating to any other security for the Loans; (ii) apply such Collateral or security and direct the order or manner of sale thereof as the Lender may, from time to time, determine; and (iii) settle, compromise, collect or otherwise liquidate any such Collateral or security in any manner following the occurrence of an Event of Default, without affecting or impairing the Lender's right to take any other further action with respect to any Collateral or security or any part thereof.

(f) In addition to its rights hereunder, the non-defaulting party shall have any rights otherwise available to it under any other agreement or applicable law.

X. Rights and Remedies Cumulative.

No delay or omission by the Lender in exercising any right or remedy hereunder shall operate as a waiver of the future exercise of that right or remedy or of any other rights or remedies hereunder. All rights of the Lender stated herein are cumulative and in addition to all other rights provided by law, in equity.

XI. Survival of Rights and Remedies

All remedies hereunder and all obligations with respect to any Loan shall survive the termination of the relevant Loan, return of Loaned Assets or Collateral, and termination of this Agreement.

XII. Collection Costs.

In the event Borrower fails to pay any amounts due or to return any Digital Currency or upon the occurrence of any Event of Default in Section VIII hereunder, Borrower shall, upon demand, pay to Lender all reasonable costs and expenses, including without limitation, reasonable attorneys' fees and court costs, broker fees, and technology costs incurred by the Lender in connection with the enforcement of its rights hereunder.

XIII. Governing Law; Dispute Resolution.

This Agreement is governed by, and shall be construed and enforced under, the laws of Singapore without regard to any choice or conflict of laws rules. Any dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration administered by the Singapore International

Arbitration Centre ("**SIAC**") in accordance with the Arbitration Rules of the Singapore International Arbitration Centre ("**SIAC Rules**") for the time being in force, which rules are deemed to be incorporated by reference in this clause. The seat of the arbitration shall be Singapore. The Tribunal shall consist of one (1) arbitrator to be jointly appointed by the Parties. In the event the Parties are unable to agree on the arbitrator, the arbitrator shall be determined by the President of the Court of Arbitration for the time being of the SIAC. The language of the arbitration shall be the English language. The arbitral award made and granted by the arbitrator shall be final, binding and incontestable. Unless otherwise provided in the award, the arbitration fee shall be paid by the losing Party.

XIV. Notices.

Unless otherwise provided in this Agreement, all notices or demands relating to this Agreement shall be in writing and shall be personally delivered or sent by Express or certified mail (postage prepaid, return receipt requested), overnight courier, electronic mail (at such email addresses as a party may designate in accordance herewith), or to the respective address set forth below:

Borrower:
Three Arrows Capital Ltd
7 Temasek Boulevard #21-04
Singapore, Singapore 038987
Attn: Su Zhu
Email: operations@threearrowscap.com

Lender: Singapore Bitget Pte Ltd
10 Ubi Crescent #05-23 Ubi Techpark, Singapore 408564
Attn: Xin Pei
Email: Hippy@bitget.com

Either party may change its address by giving the other party written notice of its new address as herein provided.

XV. Modifications.

All modifications or amendments to this Agreement shall be effective only when reduced to writing and signed by both parties hereto.

XVI. Single Agreement

Borrower and Lender acknowledge that, and have entered into this Agreement in reliance on the fact that, all Loans hereunder constitute a single business and contractual relationship and have been entered into in consideration of each other. Accordingly, Borrower and Lender hereby agree that payments, deliveries, and other transfers made by either of them in respect of any Loan shall be deemed to have been made in consideration of payments, deliveries, and other transfers in respect of any other Loan hereunder, and the obligations to make any such payments, deliveries and other transfers may be applied against each other and netted. In addition, Borrower and Lender acknowledge that, and have entered into this Agreement in reliance on the fact that, all Loans

hereunder have been entered into in consideration of each other. Accordingly, Borrower and Lender hereby agree that (a) each shall perform all of its obligations in respect of each Loan hereunder, and that a default in the performance of any such obligation by Borrower or by Lender (the "Defaulting Party") in any Loan hereunder shall constitute a default by the Defaulting Party under all such Loans

hereunder, and (b) the non-defaulting party shall be entitled to set off claims and apply property held by it in respect of any Loan hereunder against obligations owing to it in respect of any other Loan with the Defaulting Party.

XVII. Entire Agreement.

This Agreement, each exhibit referenced herein, and all Loan Term Sheets constitute the entire Agreement among the parties with respect to the subject matter hereof and supersedes any prior negotiations, understandings and agreements. Nothing in this Section XVII shall be construed to conflict with or negate Section XVI above.

XVIII. Successors and Assigns.

This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties; provided, that Borrower may not assign this Agreement or any rights or duties hereunder without the prior written consent of the other party (such consent to not be unreasonably withheld). Lender may assign this Agreement or any rights or duties hereunder upon notice to Borrower. Notwithstanding the foregoing, in the event of a change of control of Lender or Borrower, prior written consent shall not be required so such party provides the other party with written notice prior to the consummation of such change of control. For purposes of the foregoing, a "change of control" shall mean a transaction or series of related transactions in which a person or entity, or a group of affiliated (or otherwise related) persons or entities acquires from stockholders of the party shares representing more than fifty percent (50%) of the outstanding voting stock of such party.

XIX. Severability of Provisions.

Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

XX. Counterpart Execution.

This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by email or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by email or other electronic method of transmission also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

XXI. Relationship of Parties.

Nothing contained in this Agreement shall be deemed or construed by the parties, or by any third party, to create the relationship of partnership or joint venture between the parties hereto, it being understood and agreed that no provision contained herein shall be deemed to create any relationship between the parties hereto other than the relationship of Borrower and Lender.

XXII. No Waiver.

The failure of or delay by Lender to enforce an obligation or exercise a right or remedy under any provision of this Agreement or to exercise any election in this Agreement shall not be construed as a waiver of such provision, and the waiver of a particular obligation in one circumstance will not prevent Lender from subsequently requiring compliance with the obligation or exercising the right or remedy in the future. No waiver or modification by either party of any provision of this Agreement shall be deemed to have been made unless expressed in writing and signed by both parties.

XXIII. Indemnification.

A Party shall indemnify and hold harmless the other Party, or any of its parents or affiliates, from and against any and all third party claims, demands, losses, expenses and liabilities of any and every nature (including attorneys' fees of an attorney of Lender' choosing to defend against any such claims, demands, losses, expenses and liabilities) that it may sustain or incur or that may be asserted against it arising out of Lender' lending of the Loan Assessed to Borrower under this Agreement, except for any and all claims, demands, losses, expenses and liabilities arising out of or relating to that indemnified Party's bad faith, gross negligence or willful misconduct in the performance of its obligations under this Agreement. This indemnity shall be a continuing obligation of the Parties, its successors and assigns, notwithstanding the termination of this Agreement.

To the extent the Lender's liability is not limited or excluded under this Section XXIII, the Lender's maximum aggregate liability for indemnification, breach of statutory duty or in tort or howsoever arising, shall be limited to an amount not to exceed [100%]% of the Loan Fees paid or payable in the 12 months prior to the first event giving rise to a claim under this Agreement.

XXIV. Term and Termination.

The Term of this Agreement shall commence on the date hereof for a period of one year, and shall automatically renew for successive one-year terms annually, unless either party provides notice of a desire to terminate the contract no less than ten (10) days prior to the end of such one-year period. The foregoing notwithstanding, this Agreement may be terminated as set forth in Section VIII or upon 30 days' notice by either party to the other.
In the event of a termination of this Agreement, any Loaned Assets shall be redelivered immediately and any fees owed shall be payable immediately.

XXV. Miscellaneous.

Whenever used herein, the singular number shall include the plural, the plural the singular, and the use of the masculine, feminine, or neuter gender shall include all genders where necessary and

appropriate. This Agreement is solely for the benefit of the parties hereto and their respective successors and assigns, and no other Person shall have any right, benefit, priority or interest under, or because of the existence of, this Agreement. The section headings are for convenience only and shall

not affect the interpretation or construction of this Agreement. The Parties acknowledge that the Agreement and any Lending Request are the result of negotiation between the Parties which are represented by sophisticated counsel and therefore none of the Agreement's provisions will be construed against the drafter.

XXVI. Confidentialtiy

Each Party to this Agreement shall hold in confidence all information obtained from the other Party in connection with this Agreement and the transactions contemplated hereby, including without limitation any discussions preceding the execution of this Agreement (collectively, "Confidential Information"). Confidential Information shall not include information that the receiving Party demonstrates with competent evidence was, or becomes, (i) available to the public through no violation of this Section XXVI, (ii) in the possession of the receiving Party on a non-confidential basis prior to disclosure, (iii) available to the receiving Party on a non-confidential basis from a source other than the other Party or its affiliates, subsidiaries, officers, directors, employees, contractors, attorneys, accountants, bankers or consultants (the "Representatives"), or (iv) independently developed by the receiving Party without reference to or use of such Confidential Information.

=Each Party shall (i) keep such Confidential Information confidential and shall not, without the prior written consent of the other Party, disclose or allow the disclosure of such Confidential Information to any third party, except as otherwise herein provided, and (ii) restrict internal access to and reproduction of the Confidential Information to a Party's Representatives only on a need to know basis; provided, however, that such Representatives shall be under an obligation of confidentiality at least as strict as set forth in this Section XXVI.

=Each Party also agrees not to use Confidential Information for any purpose other than in connection with transactions contemplated by this Agreement.

=The provisions of this Section XXVI will not restrict a Party from disclosing the other Party's Confidential Information to the extent required by any law, regulation, or direction by a court of competent jurisdiction or government agency or regulatory authority with jurisdiction over said Party; provided that the Party required to make such a disclosure uses reasonable efforts to give the other Party reasonable advance notice of such required disclosure in order to enable the other Party to prevent or limit such disclosure. Notwithstanding the foregoing, Lender may disclose the other Party's Confidential Information without notice pursuant to a written request by a governmental agency or regulatory authority.

The obligations with respect to Confidential Information shall survive for a period of three (3) years from the date of this Agreement. Notwithstanding anything in this agreement to the contrary, a Party may retain copies of Confidential Information (the "Retained Confidential Information") to the extent necessary (i) to comply with its recordkeeping obligations, (ii) in the routine backup of data storage systems, and (iii) in order to determine the scope of, and compliance with, its obligations under this Section 14; provided, however, that such Party agrees that any Retained Confidential Information shall be accessible only by legal or compliance personnel of such Party and the confidentiality obligations of this Section XXVI shall survive with respect to the Retained Confidential Information for so long as such information is retained.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the date first above written.

BORROWER:

Three Arrows Capital Ltd

By:
Name: Ning Xin
Title: Trader

LENDER:

Singapore Bitget Pte Ltd.

By:
Name: Xin Pei
Title: Investment Manager

EXHIBIT A

Authorized Agents. The following are authorized to deliver Lending Requests on behalf of Borrower in accordance with Section II hereof:

Name: Ningxin Zhang
Email: nxzhang@threearrowscap.com

Borrower may change its Authorized Agents by notice given to Lender as provided herein.

EXHIBIT B
LOAN TERM SHEET

This loan agreement dated 21Mar2022 between Singapore Bitget Pte Ltd ("Singapore Bitget Pte Ltd " or "Lender") and Three Arrows Capital Ltd ("Three Arrows Capital" or "Borrower") incorporates all of the terms of the Master Digital Currency Loan Agreement between Lender and Borrower on 21Mar2022 and the following specific terms:

Borrower: Three Arrows Capital Ltd
Lender: Singapore Bitget Pte Ltd
Borrowed Asset Type: USDT
Amount of Borrowed Asset: 5,000,000
Borrow Fee: 9.65%
USDT ERC20 address: 0x4862733B5FdDFd35f35ea8CCf08F5045e57388B3
Loan Type: 1 Month
Loan Term: 1 Month

Three Arrows Capital Ltd

By: DocuSigned by: [signature] CE5667D3461408
Name: Ningxin Zhang
Title: Trader

Singapore Bitget Pte Ltd

By: DocuSigned by: Xin Pei ADE[illegible]
Name: Xin Pei
Title: Investment Manager

Annex 3

Morgan Lewis Stamford

Writers: Daniel Chia / Jeanette Wong
Direct: +65 6389 3053 / 6389 3048
Fax: +65 6389 3096
Email: daniel.chia@morganlewis.com / jeanette.wong@morganlewis.com

Our Ref: DC/JW/sgbitget

17 June 2022

Three Arrows Capital Ltd
7 Temasek Boulevard
#21-04
Singapore 038987

BY EMAIL & POST
Email: operations@threearrowscap.com
No. of Pages: 2
(including this page)

Attention: Mr Su Zhu

Dear Sirs

MASTER LOAN AGREEMENT DATED 21 MARCH 2022
LOAN TERM SHEET FOR 5 MILLION USDT
LOAN TERM SHEET FOR 10 MILLION USDT

1. We refer to the above-captioned matters. We act for Singapore Bitget Pte Ltd.

2. We refer to the Master Loan Agreement dated 21 March 2022 ("**MLA**") between you and our client and the Loan Term Sheet at Exhibit B of the MLA ("**1st LTS**").

3. Pursuant to the 1st LTS, on 21 March 2022, you had agreed to borrow 5 million USDT from our client at a borrow fee of 9.65% with a loan term of 1 month. We are instructed that on 19 April 2022, parties agreed to extend the loan maturity date for another month, to 22 May 2022.

4. Pursuant to Clause II(c)(i) of the MLA and the 1st LTS, you were to repay the entirety of the loan amount of 5 million USDT to our client by 22 May 2022.

5. We are instructed that to-date, you have failed to make repayment of the loan amount despite our client's demands for the same, in breach of Clause II(c)(i) of the MLA and the LTS.

6. As of this date, you are accordingly indebted to our client for the entire sum of **5,097,746 USDT** being the principal of 5 million USDT plus borrow fee of 9.65% for the month of May 2022 and Late Fee of 10% (annualized, calculated daily) from 23 May 2022 to the date of this letter, pursuant to Clauses III(a) and (b) of the MLA.

7. We further refer to the Loan Term Sheet dated 1 June 2022 between you and our client ("**2nd LTS**"). Pursuant to the 2nd LTS, you had agreed to borrow 10 million USDT from our client on an open term basis.

Morgan Lewis Stamford LLC

10 Collyer Quay
#27-00 Ocean Financial Centre
Singapore 049315

T +65.6389.3000
F +65.6389.3099

Company Registration No. 200010215M

Date: 17 June 2022
To: THREE ARROWS CAPITAL LTD
Attn: MR SU ZHU
RE: MASTER LOAN AGREEMENT DATED 21 MARCH 2022
LOAN TERM SHEET FOR 5 MILLION USDT
LOAN TERM SHEET FOR 10 MILLION USDT

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8. Pursuant to Clause VIII(a) of the MLA, our client further declares that an Event of Default has occurred due to the matters at [2] to [5] above. Pursuant to Clause IX(a) of the MLA, the entire sum of **15,132,815 USDT** being 5,097,746 USDT under the 1st LTS and 10 million USDT with accrued borrow fee under the 2nd LTS is immediately due and payable.

9. **WE HEREBY DEMAND** that you do pay the total sum of **US$15,132,815** (equivalent to 15,132,815 USDT) to our client or us as our client's solicitors within **two (2) days** from the date of this letter.

10. **TAKE NOTICE** that if you fail to comply with the aforesaid demands, our client will not hesitate to take all necessary steps to enforce its legal rights without further notice to you, including commencing legal action against you for all reliefs our client is entitled to under the law.

11. All our client's rights are expressly reserved.

Yours faithfully,

MORGAN LEWIS STAMFORD LLC

cc: client

INTERNATIONAL CENTRE FOR DISPUTE RESOLUTION
AMERICAN ARBITRATION ASSOCIATION

EMERGENCY ARBITRAL TRIBUNAL

Genesis Asia Pacific PTE. LTD.

Claimant

v.

Three Arrows Capital, Ltd.

Respondent

Case No. 01-22-0002-5568

PROCEDURAL ORDER No. 1

The Emergency Arbitrator
Mr. Jay L. Alexander

Date
June 22, 2022

PROCEDURAL ORDER No. 1

The above-captioned arbitration is governed by the AAA Commercial Arbitration Rules (amended and effective as of October 1, 2013) ("**Rules**"). This Procedural Order ("**Procedural Order No. 1**" or "**P.O. #1**") sets out particulars of procedure and the schedule for the Rule 38 proceedings in this arbitration. P.O. #1 also rules upon Claimant's request for an "*interim order*" pending a ruling on Claimant's Rule 38 emergency application. P.O. #1 is issued after the oral conference, held on June 21, 2022.

I - THE PARTIES AND THEIR REPRESENTATIVES

1. Claimant is Genesis Asia Pacific PTE. LTD.

2. In this arbitration Claimant is represented by:

   Jason P. Gottlieb
   Michael Mix
   jgottlieb@morrisoncohen.com
   mmix@morrisoncohen.com
   Morrison Cohen LLP
   909 Third Avenue
   New York, NY 10022

   T: +1 212 735 8600

3. Respondent is Three Arrows Capital Ltd.

4. In this arbitration Respondent is represented by:

   Dan Tan
   Mark Beckett
   Dan Tan Law
   dan@dantanlaw.com
   mark@dantanlaw.com
   305 Broadway
   Suite 750
   New York, NY 10007

   and

   162 South Park St.
   San Francisco, CA 94107

   T: +1 646 580 0080

5. To preserve the integrity of these proceedings, any proposed supplementation or change in representation of any party shall be promptly disclosed, and the Emergency Arbitrator is empowered to reject any change that creates a conflict of interest.

II - EMERGENCY ARBITRATOR

6. The Emergency Arbitrator has been duly appointed and is as follows:

Mr. JAY L. ALEXANDER
Alexander Arbitration LLC
487 Summerwood Drive
Dillon, Colorado 80435
jay.alexander@alexanderarbitration.com

T: + 1 970.368.6301

7. Pursuant to Rule 18 of the Rules, the arbitrator is and shall remain impartial and independent.

III - NOTIFICATIONS AND COMMUNICATIONS

8. All notifications and communications arising in this emergency proceeding, including all written submissions and documents, shall be addressed and sent as required to the counter-party, the Emergency Arbitrator and the ICDR Case Administrator, respectively, at the following addresses:

To Claimant

To their counsel at the email coordinates set out in Section I above.

To Respondent

To their counsel at the email coordinates set out in Section I, above.

To the Emergency Arbitrator

To the Emergency Arbitrator at the email coordinates set out in Section II above.

To the AAA/ICDR Case Administrator

Miroslava Schierholz
Assistant Vice President
American Arbitration Association
+ 1 212 484 3270
MiroslavaSchierholz@adr.org

9. A Party shall immediately inform the Emergency Arbitrator, the Case Administrator, and the other Party in the event of any change to the identity or address of any of its representatives as set out above.

IV - PROCEDURAL BACKGROUND

10. On June 15, 2022, Claimant initiated this arbitration by submitting to the American Arbitration Association ("**AAA**") its (i) Demand for Arbitration, (ii) Arbitration Demand and Statement of Claim, and (iii) Rule 38 Request for Emergency Arbitrator for Emergency Relief ("**Application**").

11. On June 17, 2022, once Claimant perfected the filing to comply with the requirements of Rule 4, the AAA's International Center for Dispute Resolution ("**ICDR**") acknowledged receipt of the Demand for Arbitration and the Application, confirmed that the arbitration is commenced, and

notified the parties that it was moving forward with the emergency arbitrator appointment. Later that same day, the ICDR notified the parties that "*pursuant to Section R-38, the ICDR has appointed Jay Alexander to serve as Emergency Arbitrator* …." The parties were directed to advise of any circumstance giving rise to justifiable doubts regarding the Emergency Arbitrator's impartiality or independence by June 21, 2022.

12. Also on June 17, 2022, the ICDR notified the parties that pursuant to Rule 38, an initial video conference ("**Initial Conference**") "*to establish a schedule for the consideration of the application for emergency relief*" would be held on June 21, 2022 at 7 p.m. EDT (June 22, 2022 at 7:00 a.m. SGT).

13. Mr. Gottlieb and Mr. Mix, together with Claimant's General Counsel and Associate General Counsel, appeared at the Initial Conference on behalf of Claimant. Mr. Beckett and Mr. Tan appeared at the Initial Conference on behalf of Respondent. This was Respondent's first appearance in this arbitration.

14. Following presentations by both parties regarding, *inter alia*, the nature of this dispute and the adequacy of the Application, the parties addressed the scheduling of this emergency proceeding. Claimant agreed that it could make its submission in support of its Application by Thursday, June 23, 2022. Respondent sought one week to make its reply submission. The parties agreed that they were both available for an oral hearing on the Application on July 5, 2022. Claimant stated that if its request for an "*interim order*" pending a ruling on Claimant's emergency application were granted, the foregoing schedule could be relaxed.

15. Neither party has advised the ICDR of any circumstance giving rise to justifiable doubts regarding the Emergency Arbitrator's impartiality and independence.

V - DECISION ON REQUEST FOR AN INTERIM ORDER

16. Claimant's Application alleges that Respondent has defaulted under two umbrella master loan agreements ("**MLAs**") by failing to post "*Additional Collateral*" in response to margin calls. (Application, p.2.) The Application further alleges that the entire outstanding loan balance of US$ 2,360,302,065 came due following Claimant's issuance of a Notice of Default. (Application, page 2.)

17. The Application then states that the "*reason for Genesis's application for emergency relief is that Three Arrows has not just failed to deliver Additional Collateral as required; but upon information and belief, Three Arrows is in the midst of an extreme liquidity crisis, throwing into significant* [sic] *Three Arrows' ability to pay its debts. Even worse, upon information and belief, Three Arrows is negotiating or even entering into side deals with other creditors/lenders, prioritizing those lenders over Genesis*…." (Application, page 2.)

18. The Application seeks an order requiring Respondent either:

    i. *to deposit $2,360,302,065 – the current value of the outstanding loans borrowed by Three Arrows from Genesis – into a third-party escrow account for safekeeping pending the resolution of this arbitration;*

    ii. *in the alternative, requiring Three Arrows to deposit Additional Collateral* [fn omitted] *in the amount of $462,224,747 (the amount of Additional*

Collateral currently required by Three Arrows to be delivered to Genesis), as well as the shares and cryptocurrency comprising the 2020 Pledge Agreement Security and the 2022 Pledge Agreement Security, as well as the Deribit Shares, as well as the StarkWare Shares, as well as all other assets or amounts due and owing to make Genesis whole, into a third-party escrow account for safekeeping pending the resolution of this arbitration; or

iii. *in the alternative, restraining and enjoining Three Arrows from taking any action to withdraw, transfer, sell, encumber, or hypothecate the $2,360,302,065 that Three Arrows currently owes to Genesis, or from taking any action to withdraw, transfer, sell, encumber, or hypothecate the $462,224,747 in Additional Collateral currently required to be delivered to Genesis, or the shares and cryptocurrency comprising the 2020 Pledge Agreement Security and the 2022 Pledge Agreement Security, or the Deribit Shares, or the StarkWare Shares, or all other assets or amounts due and owing to make Genesis whole.*

19. During the Initial Conference, Claimant clarified that it already has constructive possession of certain shares that are the subject of the 2020 Pledge Agreement. Accordingly, Claimant explained, it now seeks relief regarding certain pledged AVAX and NEAR tokens (with a value of US$ 91.293 million) and additional assets, in the amount of US$ 1.142 billion, that would be needed to make Claimant whole.

20. Pending the emergency arbitrator's consideration of the requested third-party escrow, the Application:

> *also respectfully requests that the emergency arbitrator issue an interim order, pending any hearing on the above emergency requests, restraining Three Arrows from taking any action to withdraw, transfer, sell, encumber, or hypothecate the $2,360,302,065 that Three Arrows currently owes to Genesis, or, alternatively, from taking any action to withdraw, transfer, sell, encumber, or hypothecate the $462,224,747 in Additional Collateral currently required to be delivered to Genesis, or the shares and cryptocurrency comprising the 2020 Pledge Agreement Security and the 2022 Pledge Agreement Security, or the Deribit Shares, or the StarkWare Shares, or all other assets or amounts due and owing to make Genesis whole.*

21. During the Initial Conference, Claimant re-urged this request for an interim order ("**Request for Interim Order**") from the Emergency Arbitrator pending a decision on the Application. Claimant explained that there can be no dispute that Respondent is in default, and that Claimant risks suffering massive losses if the interim relief it seeks is not granted. With regard to Rule 38(d)'s requirement that the emergency arbitrator "*shall provide a reasonable opportunity to all parties to be heard*," Claimant stated that Respondent has that opportunity at the Initial Conference.

22. Respondent first addressed Claimant's Request for Interim Order at the Initial Conference. Respondent stated that Rule 38(d) and due process require a meaningful opportunity to be heard, which it has not yet been given. In that regard, Respondent further stated that Claimant has not yet fully substantiated its request and that Claimant has altered the relief it seeks during the course of the Initial Conference.

23. The Emergency Arbitrator agrees with Respondent that it cannot grant the Request for Interim Order at this time. One of the features of arbitration under the Rules (and, indeed, under many well-established systems of arbitration) that distinguishes it from litigation in United States courts is the right of all parties to be notified and heard: the principles of equal treatment and the right to be heard. There is no right under the Rules to seek an emergency temporary restraining order on an *ex parte* basis, which differs from the procedures available in federal and state courts in the United States.

24. Rule 38(d) reflects these fundamental principles in its requirement that the emergency arbitrator set "*a schedule for consideration of the application for emergency relief.*" That rule continues "*Such a schedule shall provide a reasonable opportunity to all parties to be heard.*" (Emph. added.)

25. Recognizing that this feature of arbitration under the Rules may not always be satisfactory to a party, Rule 38(h) permits a party to seek interim measures from a judicial authority without waiving its right to arbitrate: "*A request for interim measures addressed by a party to a judicial authority shall not be deemed incompatible with this rule, the agreement to arbitrate or a waiver of the right to arbitrate.*"

26. The Emergency Arbitrator recognizes that Claimant is not seeking *ex parte* relief. Claimant states that it provided a copy of its Application to Respondent on June 15, 2022, when it submitted it to the AAA, and Claimant states that Respondent has had an opportunity at the Initial Conference to oppose the Request for Interim Order. Claimant further states that it cannot be faulted if Respondent failed to retain and prepare counsel sufficiently in advance of the Initial Conference to be prepared to address the Request for Interim Order.

27. Regardless, however, of whether or not Respondent was diligent in appointing counsel, the Initial Conference was not scheduled for argument on the Request for Interim Order, and Respondent was not placed on notice that that issue would be argued. Rather, the June 17, 2022 letter from the ICDR, notifying the parties of the date and time of the Initial Conference, states that "*the ICDR has arranged for a conference with the parties to establish a schedule for the consideration of the application for emergency relief.*" (June 17, 2022, letter from the ICDR to the Parties (emph. added).)

28. Equally important, Claimant's Application is only its request under Rule 38(b), albeit with justification, for the appointment of an emergency arbitrator. Respondent argued during the hearing that the Application is factually incomplete (*e.g.*, it omits loan term sheets, which it contends are key contractual documents), and that Claimant in fact altered the emergency relief it seeks during the Initial Conference. Moreover, Claimant has accepted the invitation to make a further submission in support of its request for an order directing assets to be placed in a third-party escrow, at least suggesting that it has not yet presented its full case in support of its request for emergency protection.

29. Rule 38(d)'s requirement of "*a reasonable opportunity to all parties to be heard*" entitles all parties to a meaningful chance to present their position before the emergency arbitrator rules. Anything less would render the right futile. For the reasons stated in the preceding two paragraphs, Respondent has not yet had that chance. The Initial Conference was not scheduled to hear substantive arguments, but to provide a schedule for the making of those arguments. The details of Claimant's request, perhaps as a result of time pressures, is not a complete recitation of its

position and would not have afforded Respondent full notice of the case it needed to face even if it had been given notice of the need to respond at the Initial Conference.

30. As set out in Part VI, below, this P.O.#1 sets a very abbreviated schedule for submissions and a hearing on the Application as a whole. No substantially shorter schedule would have provided the Respondent with a reasonable opportunity to address the Request for Interim Order and, accordingly, the Emergency Arbitrator declines to 'front load' the Application by separating the Request for Interim Order from the Application, itself.

31. Accordingly, Claimant's Request for Interim Order is denied. This decision is without prejudice to the merits of the Application, which will be decided on the record following the expedited submissions and hearing scheduled in Part VI of P.O.#1.

VI - THE SCHEDULE FOR THE EMERGENCY PROCEEDINGS ON THE APPLICATION

32. Following the Initial Conference, and with the input of the Parties as to what each considered reasonable, the following schedule is set for these proceedings:

Step	Date
Claimant's Initial Submission in support of its Application for Emergency Relief, together with all factual evidence and legal authorities upon which it relies	June 23, 2022
Respondent's Initial Submission in opposition to the Application for Emergency Relief, together with all factual evidence and legal authorities upon which it relies ("Opposition")	June 30, 2022
Claimant's delivery of any rebuttal factual evidence and/or legal authorities that is responsive to Respondent's Opposition	July 2, 2022
Respondent's delivery of any rebuttal factual evidence and/or legal authorities that is responsive to Claimant's July 2nd delivery	July 3, 2022
Hearing on Application for Emergency Relief	July 5, 2022 (time to be set)

33. Except as may be otherwise ordered by the Emergency Arbitrator, time limits and deadlines shall expire at midnight (12:00 p.m.) at the seat of arbitration, New York, on the date of the relevant time limit or deadline.

34. Written notifications and communications will be considered on time if sent by email or uploaded to an appropriate FTP site as set out below, by the sending Party prior to the expiry of the relevant time limit or deadline.

35. Extensions or modifications of time limits or deadlines may not be agreed between the Parties, without the advance approval of the Emergency Arbitrator. Absent extraordinary circumstances, a disputed request for extension or modification will be denied.

VII - THE ARBITRATION AGREEMENT

36. Claimant invokes the arbitration agreement that appears at Section XIII of the Master Loan Agreements dated January 10, 2019 and January 24, 2020, both of which read as follows:

> *If a dispute arises out of or relates to this Agreement, or the breach thereof, and if said dispute cannot be settled through negotiation it shall be finally resolved by arbitration administered in the County of New York, State of New York by the American Arbitration Association under its Commercial Arbitration Rules, or such other applicable arbitration body as required by law or regulation, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction. The parties agree to waive their rights to a jury trial….*

VIII - LANGUAGE OF THE ARBITRATION

37. The two MLAs in dispute are written in the English language. The language of this emergency proceeding shall be English. Accordingly, as a general rule, any document submitted to the Emergency Arbitrator in any language other than English shall be accompanied by a translation into the English language. English translations shall be submitted simultaneously with the original text.

38. For ease of reference, any translation shall, to the extent feasible, follow the same pagination, page layout and formatting as the original text.

39. Documents (including legal authorities) may be produced with only the parts on which the producing Party relies translated, clearly indicating the original pagination. Any partial translation shall not misrepresent the overall content of the document. If a Party objects to the partial translation, and the Parties cannot agree on a compromise, the Emergency Arbitrator may order a full translation.

40. Translations shall be considered correct unless their accuracy is expressly and promptly challenged by the other Party. If any translation remains disputed despite the Parties' efforts to reach agreement, the Emergency Arbitrator may require that the translation be made by a certified translator, including by a translator appointed by the Emergency Arbitrator.

41. Any fact or expert witness giving oral evidence at the hearing may give such evidence in a language other than English, in whole or in part, provided that interpretation into English is provided by an independent interpreter agreed by the Parties or, in the alternative, hired by the Party presenting the witness. A Party intending to present oral evidence from a witness in a language other than English shall notify the Emergency Arbitrator and the other Party within five (5) calendar days of the date of this P.O.#1.

42. The costs of any translation or interpretation are to be borne initially by the Party needing it, without prejudice to any decision of the Emergency Arbitrator as to the allocation of the costs of the arbitration. As an exception, if both Parties need interpretation and agree on what interpreter to use, then the cost of interpretation will be borne by Claimant and Respondent in equal shares (“50-50”), without prejudice to any decision of the Emergency Arbitrator as to the allocation of the costs of the arbitration.

IX - CONDUCT OF THE EMERGENCY PROCEEDING

43. Except when the Rules or an otherwise applicable provision sets out a different deadline, each Party will provide written notice to the Emergency Arbitrator within 2 (two) calendar days of becoming aware of any complaint, protest or objection that it currently has, or in the future may have, with respect to any matter affecting the conduct of the arbitration; and, if such notice is not given, such Party shall be considered to have waived any such complaint, protest or objection.

X - PROCEDURAL MEASURES

A. Means of Communication

44. Routine administrative or procedural correspondence or requests shall be communicated by email.

45. *Inter partes* communications concerning the emergency proceedings should not be copied to the Emergency Arbitrator, provided that any such communications may be included as an exhibit to any application or submission to the Emergency Arbitrator.

46. Written submissions, including all evidence and all legal authorities relied upon, shall be submitted electronically, either by email or through a file transfer protocol site ("**FTP site**"). All electronic documents shall be provided in PDF searchable format, except for Excel files. All written narrative argument shall also be provided in Word format.

47. Claimant shall submit a hard copy of Claimant's Arbitration Demand and Statement of Claim, together with all exhibits and all legal authorities cited therein, to the Emergency Arbitrator by FedEx or other overnight service that guarantees delivery on or before June 24, 2022.

B. Written Submissions, Evidence and Authorities

48. Claimant's Initial Submission and Respondent's Initial Submission (*see* para. 31, above) shall each set out all of the relevant arguments asserted by the Party submitting it, including the facts alleged and arguments made in relation to the relief being sought. Those Submissions shall also include reference to all evidence (*e.g.*, documentary, witness statements and/or expert reports), and all legal authorities (*e.g.*, statutes, case law, doctrine or other legal writings), upon which the Party relies.

49. All evidence and all legal authorities that are referenced in a Submission shall be submitted with the Submission. No evidence or legal authorities that are not submitted in accord with the schedule set out in Part VI of this P.O.#1 shall be considered absent a showing of good cause.

50. Claimant's Exhibits shall be marked sequentially from the start of the emergency proceeding in the format C-1, C-2, etc.; and its Legal Authorities shall be marked sequentially CL-1, CL-2, etc. Respondent's Exhibits shall be marked sequentially R-1, R-2, etc.; and its Legal Authorities shall be marked sequentially RL-1, RL-2, etc.

51. Each exhibit and legal authority shall be contained in a distinct PDF file or, if contained in a single PDF file, shall be bookmarked.

52. Each Party shall provide with its exhibits a consolidated index of the exhibits submitted by that Party from the start of the emergency proceeding to that date in both exhibit number order and chronological order.

53. An exhibit shall be deemed authentic and admissible unless another Party expressly and promptly challenges the authenticity or admissibility of the exhibit. In the event of such challenge, the Party that submitted the challenged exhibit shall be entitled to respond, within a time limit determined by the Emergency Arbitrator, prior to a decision by the Emergency Arbitrator on the challenge.

54. All exhibits and legal authorities shall be submitted in complete form (including all attachments and/or enclosures) unless they are voluminous and submitting an extract or extracts of the document in question does not distort its meaning, in which case the submitting Party shall indicate in which respect the extract of the exhibit or legal authority is incomplete and shall make the entire document available to the opposing Party upon that Party's request.

55. No substantive Submissions, evidence or legal authorities not authorized by Part VI of this P.O.#1 may be submitted unless a Party shows good cause, including an explanation for why the information in question could not have been submitted in accord with the schedule in Part VI, and the Emergency Arbitrator so orders following observations from the other Party. A request to make new submissions or to submit new exhibits or legal authorities shall not include the submission, exhibit or legal authority in question, which shall only be filed when and if ordered by the Emergency Arbitrator. If the Emergency Arbitrator grants such an application, the Emergency Arbitrator shall ensure that the other Party is afforded sufficient opportunity to make its observations on the submission or document.

C. Witnesses and Experts (if any)

56. Without prejudice to any statutory right that a Party may have to obtain and submit testimony from hostile or third-party witnesses in a different fashion, any witness or expert evidence on which a Party relies shall be submitted in the form of a written witness statement (from any fact witness), or an expert report (from any independent expert witness), dated and signed by the witness or expert in question.

57. Any person may provide a witness statement or give evidence at a hearing, including the Parties and their directors, officers, employees or other representatives. Fact witnesses with relevant expertise may express opinions related to their expertise in their witness statement.

58. Witness statement(s) and expert report(s) shall constitute direct evidence (evidence-in-chief), and the witness or expert shall not be subject to a direct examination other than to confirm his or her identity and to correct any errors in his or her statement or report.

59. Subject to paragraph 56, only witnesses from whom witness statements have been submitted, or expert witnesses from whom expert reports have been submitted, may testify at the hearing.

60. Any witness or expert from whom a witness statement or expert report has been submitted must be made available for examination at the hearing unless both the opposing party and the Emergency Arbitrator notify the Party proffering that witness in writing that examination will not be required. Cross-examination of a fact witness shall not be limited to the scope of the witness statement; any redirect examination shall be limited to the scope of the cross-examination.

61. Each Party shall be responsible for summoning its own witnesses and experts to any hearing, and shall advance the costs of appearance of such witnesses.

62. If a witness or expert is called to appear at a hearing and fails to do so without providing a reason considered valid by the Emergency Arbitrator, the Emergency Arbitrator may in its discretion disregard the witness's witness statement or expert's expert report and/or draw such inferences as it considers appropriate in relation to the witness's or expert's failure to appear. In the event that the Emergency Arbitrator decides to consider the witness's witness statement or the expert's expert report, it may ascribe less weight to that evidence, having regard to the circumstances including the fact that the witness or expert was not subject to cross-examination.

63. If a Party has not called another Party's fact or expert witness for cross-examination, that fact will not be deemed as an admission by that Party nor will it imply that the Party accepts that the substance of the witness's witness statement or the expert's expert report is correct or proven. The Emergency Arbitrator will, in its discretion, assess the weight of the written evidence of a witness or expert who is not called to testify at the hearing.

64. Notwithstanding the foregoing, at the request of a Party or on its own initiative the Emergency Arbitrator may order any Party to provide for, or to use its best efforts to provide for, the appearance for testimony at a hearing of any person.

65. It shall not be improper for a Party, its directors, officers, employees or other representatives, or its counsel, to interview witnesses or potential fact or expert witnesses, or to discuss their prospective testimony with them, including for the purpose of establishing the facts relevant to the arbitration, preparing witness statements or expert reports and preparing for the hearing. In all cases, a Party will seek to ensure that a witness statement or expert report reflects the witness's own account of relevant facts, events and circumstances, or his or her own opinion, as reflected in the witness statement or expert report.

66. Drafts, working papers or any other documentation created by an expert witness for the purpose of providing expert evidence in the emergency proceeding, and any communications between the expert and a Party or its counsel in relation to that purpose, shall be privileged, provided, however, that all documents relied upon by an expert in formulating his or her opinions shall be identified in the expert's report.

D. Hearing

67. The Parties shall meet and confer regarding the start time for the July 5, 2022 hearing. On or before June 28, 2022, the Parties shall notify the Emergency Arbitrator of their agreement (or positions, with brief justification, if no agreement is reached) on the proposed start time.

68. The Emergency Arbitrator will set aside eight (8) hours for the hearing on July 5, 2022. Following receipt of Respondent's submission on June 30, 2022, the Emergency Arbitrator will notify the Parties of the expected duration of the hearing. Each Party will be entitled to 50% of the total time allotted for the hearing.

69. The final merits hearing shall be held virtually through a video platform such as Zoom.

70. The Parties shall jointly make the arrangements for the video platform, and notify the Emergency Arbitrator of those arrangements, by no later than June 28, 2022. The video platform shall be

able to accommodate sharing of documents. The Emergency Arbitrator notes that the ICDR is able to support and facilitate these arrangements by hosting a Zoom videocall, and invites the Parties to confer with the Case Administrator regarding costs and procedures if this is of interest to them. The fees and costs of the virtual hearing services provider will be borne by the Parties in equal shares ("50-50"), without prejudice to any decision of the Emergency Arbitrator as to the allocation of costs.

71. The Parties shall jointly make the arrangements for the services of a court reporter to attend and transcribe verbatim the hearing with live-note or a comparable service. The fees and costs of the court reporter, and of the transcripts prepared, will be borne by the Parties in equal shares ("50-50"), without prejudice to any decision of the Emergency Arbitrator as to the allocation of costs. Final, edited transcripts of the hearing shall be circulated to the Parties and the Emergency Arbitrator as soon as possible. Within two (2) calendar days of receiving the hearing transcript, the Parties shall have the opportunity to suggest corrections to the transcripts as first presented. The Emergency Arbitrator shall resolve any disagreement between the Parties as to the propriety of such corrections.

72. The Emergency Arbitrator shall be in full charge of all hearings, including with respect to the procedure for examining witnesses, and shall be entitled to limit or refuse a Party's examination of a witness when, after hearing the Party, it considers that the matters regarding which the witness would testify are sufficiently proven by other evidence or that the particular witness testimony is irrelevant.

73. The use of demonstrative exhibits (such as charts, graphics, tabulations, and slide presentations) is allowed at the hearing, provided that no new evidence is contained in them and that all evidence or argument relied on in the demonstratives is cited in them.

74. In consultation with the Parties, the Emergency Arbitrator will determine at the end of the hearing whether there shall be any post-hearing submissions. If so, the Emergency Arbitrator will address the filing date, length, format, and content of the post-hearing submissions. The Emergency Arbitrator will also issue directions on the Parties' statements of costs at the end of the hearing.

Place of the arbitration: New York, U.S.A.

Date: June 22, 2022.

Jay Alexander, Emergency Arbitrator

AMERICAN ARBITRATION ASSOCIATION
Arbitration No. 01-22-0003-5568-1-MS

In the Matter of the Arbitration of a Certain Controversy Between

GENESIS ASIA PACIFIC PTE. LTD.,

Claimant,

- against –

THREE ARROWS CAPITAL LTD,

Respondent.

CLAIMANT GENESIS ASIA PACIFIC PTE. LTD.'S SUPPLEMENTAL SUBMISSION IN SUPPORT OF ITS RULE 38 MOTION FOR EMERGENCY RELIEF

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Attorneys for Claimant Genesis Asia Pacific PTE. LTD.

TABLE OF CONTENTS

TABLE OF AUTHORITIES

Page(s)

Cases

Other Authorities

1. Claimant Genesis Asia Pacific PTE. LTD. ("Genesis") respectfully makes this supplemental submission in support of its motion, dated June 15, 2022, seeking emergency relief pursuant to AAA Rule 38 (the "Motion") against Respondent Three Arrows Capital LTD ("Three Arrows").

PRELIMINARY STATEMENT

2. Respondent Three Arrows is reportedly in the midst of an unprecedented implosion. According to numerous news reports, due to recent market volatility (and excessive leveraged trading in the face of rapidly declining markets), Three Arrows has suffered massive losses, all very quickly, and in turn defaulted on many loan obligations to many crypto lenders, including to Genesis. News reports have conveyed that Three Arrows has stopped communicating with many counterparties (a category that includes Genesis), but other reports, including from Three Arrows itself, indicate that Three Arrows is talking to other creditors about solutions. These extraordinary events justify extraordinary relief, under Rule 38, to prevent Three Arrows from dissipating assets over which there is no dispute it owes Genesis.

3. Most notably, at the initial conference with the arbitrator (the "June 21 Hearing"), Three Arrows declined to commit not to dissipate these assets – even though Three Arrows was repeatedly entreated to make that commitment. As if the situation were not alarming enough already, Three Arrows is pointedly refusing to commit not to hand away assets that it owes Genesis. New York law clearly allows a restraint of assets in such a case.

4. As set forth in greater detail in Genesis's Statement of Claim dated June 15, 2022, the exhibits thereto, Genesis's Rule 38 letter dated June 15, 2022 (the "Rule 38 Letter"), and the accompanying Witness Statement of Arianna Pretto-Sakmann (the "Pretto-Sakmann Witness Statement"), Three Arrows, a Singapore-based cryptocurrency hedge fund, defaulted on its loan

obligations to Genesis by failing to deliver certain "Additional Collateral" to meet margin calls. Such default resulted in Three Arrows' entire loan balance becoming due and owing.

5. The facts contained in the Statement of Claim, the exhibits thereto, and the Pretto-Sakmann Witness Statement comprise the basic facts underpinning Genesis's "Initial Submission" for purposes of Genesis's emergency motion. The Pretto-Sakmann Witness Statement also corrects several misstatements made by counsel for Three Arrows at the June 21 Hearing.

6. The Pretto-Sakmann Witness Statement further clarifies the relief sought in this motion, as that relief has changed due to the extreme volatility of the marketplace. As of June 23, 2022, that total outstanding loan balance owing from Three Arrows to Genesis equals $2,363,105,165.

7. Three Arrows has previously delivered $694,350,289.40 of collateral consisting of BTC and ETH to Genesis (that value is as of June 23, 2022), and because that collateral is already in Genesis's possession, Genesis is not seeking emergency relief with respect to those assets. Three Arrows has pledged shares worth $470,457,555.52 as of June 23, 2022, and because those shares are already in Genesis's constructive possession, Genesis is not seeking emergency relief with respect to those assets.

8. That leaves $1,198,297,320 due and owing to Genesis, as of June 23, 2022, which is the subject of this emergency motion. Genesis thus seeks an order requiring Three Arrows to place into escrow certain AVAX and NEAR tokens specifically pledged to Genesis (which as of June 23, 2022 are valued at $93,105,701.40), and place into escrow sufficient assets to cover the remaining $1,105,191,619 unsecured amount, including but not limited to the Deribit Shares and Starkware Shares that Three Arrows already informed Genesis that it has in its possession and could advance as additional collateral. Alternatively, Genesis respectfully requests that Three Arrows be

enjoined from taking any action to withdraw, transfer, sell, encumber, dissipate, or hypothecate the AVAX and NEAR tokens pledged to Genesis, or the $1,105,191,619 unsecured amount, including the Deribit and Starkware Shares.

9. This relief is warranted under New York law. New York courts are permitted to issue injunctions in aid of arbitration where there is a risk that an award would be rendered ineffectual, and when such standard is met, the movant does not need to meet the other traditional injunction factors. In light of the broad equitable powers given to an arbitrator, Genesis respectfully requests that the arbitrator utilize this standard. Here, as set forth below and in the Pretto-Sakmann Witness Statement, there are a litany of news reports and other public statements showing that Three Arrows has suffered massive defaults, owes significant amounts to numerous lenders, and has stopped responding to many of these entities. Three Arrows' conduct and the unprecedented nature of the situation leads to a significant risk that any award in Genesis's favor at any eventual merits hearing will be rendered ineffectual.

10. Even if the arbitrator utilizes the traditional injunction factors, Genesis has met this standard. Genesis has shown a likelihood of success on the merits on its claim for breach of contract, and the Pretto-Sakmann Witness Statement shows how the defenses set forth by Three Arrows' counsel at the June 21 Hearing are meritless. Genesis will be irreparably harmed in the absence of an injunction because the amounts sought are specifically identifiable and owing to Genesis. And the equities tip in Genesis's favor because Three Arrows is merely being asked to comply with its contractual obligations. If Three Arrows is forced to escrow funds that it owes to Genesis, it will not be prejudiced; but if not, Genesis faces the risk that Three Arrows will settle its numerous other debts with Genesis' money, leaving Genesis irreparably injured.

11. In sum, Genesis has established its entitlement to the relief requested, and Genesis respectfully requests that its Rule 38 motion be granted.

STATEMENT OF FACTS

12. The relevant facts are set forth in Genesis's Statement of Claim, the exhibits thereto, the Rule 38 Letter, and the accompanying witness statement of Arianna Pretto-Sakmann (which in turn authenticates, affirms, verifies, and incorporates by reference the Statement of Claim, the exhibits thereto, and the Rule 38 Letter).

ARGUMENT

13. At least two principles of New York law support the relief sought by Genesis in this motion. First, Genesis is entitled to the relief set forth in CPLR 7502(c), which permits courts to issue injunctions in aid of arbitration where there is a risk that an ultimate award would be rendered ineffectual. Second, Genesis has met the traditional factors for a preliminary injunction under CPLR 6301 because it has shown a likelihood of success on the merits, will be irreparably harmed absent injunctive relief, and the balance of the equities tips in Genesis's favor.

I. GENESIS IS ENTITLED TO AN INJUNCTION IN AID OF ARBITRATION TO PREVENT THREE ARROWS FROM DISSIPATING ASSETS AND RENDERING ANY AWARD INEFFECTUAL

14. CPLR 7502(c) permits a court to issue an injunction in aid of arbitration, particularly if the relief a party seeks in arbitration may be rendered ineffectual absent injunctive relief. While CPLR 7502(c) facially applies to court applications, Genesis respectfully requests that the arbitrator utilize his broad equitable powers[1] and apply this doctrine to Genesis's current application under Rule 38.

[1] *See Millicom Int'l V. N.V. v. Motorola, Inc.*, No. 01 Civ. 268 (SHS), 2002 WL 472042, at *8 (S.D.N.Y. Mar. 28, 2002) ("arbitrators have broad discretion in fashioning remedies and may grant equitable relief that a Court could not") (citation and quotation marks omitted); *Levin v. Glasser, P.C. v. Kenmore Property, LLC*, 70 A.D.3d 443, 445 (1st Dep't 2010) ("the cases grant arbitrators broad authority to resolve disputes" and "to achieve what the arbitration

15. CPLR 7502(c) provides, in pertinent part, that a court:

> May entertain an application . . . for a preliminary injunction in connection with an arbitration that is pending or that is to be commenced inside or outside this state . . . but only upon the ground that the award to which the applicant may be entitled may be rendered ineffectual without such provisional relief. The provisions of articles 62 and 63 of this chapter shall apply to the application . . . except that the sole ground for the granting of the remedy shall be stated above.

(emphasis added).

16. Thus, to show entitlement to injunctive relief pursuant to CPLR 7502(c), the movant must solely demonstrate that the arbitral award would be rendered ineffectual without the granting of the injunction. *See, e.g.*; *H.I.G. Capital Mgmt. v. Ligator*, 233 A.D.2d 270, 271 (1st Dep't 1996) (granting injunction in aid of arbitration where there was "uncontrolled disposal of respondents' assets, which might render an award ineffectual"); *Chiaverelli v. State Univ. of N.Y. Health Sci. Ctr.*, 248 A.D.2d 712 (2d Dep't 1998) (granting injunction in aid of arbitration and enumerating standard set forth in CPLR 7502(c)); *50-09 2nd Street LLC v. Ianvil Associates, Inc.*, Index No. 606055/01, 2002 WL 1769973, at *4 (Sup. Ct. N.Y. Cty. Apr. 28, 2002) (ordering funds to remain in escrow in aid of arbitration where respondent had "serious cash flow problems"); *Port of Authority of New York and New Jersey v. Weiss & Hiller, P.C.*, 168 A.D.3d 648 (1st Dep't 2019) (affirming denial of motion to vacate temporary restraining order over escrowed funds when defendant was threatened with insolvency, "demonstrat[ing] the need to continue the temporary restraining order so that any arbitration award would not be rendered ineffectual"). In determining such an application under CPLR 7502(c), the court should not consider the merits of the petitioner's arbitrable claims. *Guarini v. Severini*, 650 N.Y.S.2d 4, 4 (1st Dep't 1996).

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tribunal believes to be a just result, it may shape its remedies with a flexibility at least as unrestrained as that employed by a chancellor in equity") (citation and quotation marks omitted).

17. There is no question here that in the absence of a preliminary injunction pending arbitration, there is significant risk that an eventual award will be rendered ineffectual. The facts underlying this motion, as set forth in the Pretto-Sakmann Witness Statement, are extraordinary. Three Arrows is in the midst of a substantial liquidity crisis. It has defaulted on loans, failed to meet margin calls, and even failed to release client funds. It further has decided to stop communicating with those lenders and other counterparties, leading one prominent trader to describe Three Arrows' actions as "ghosting." These are not just rumors and innuendo; Three Arrows' failures have been documented in numerous publications, including the *Wall Street Journal* and *The Financial Times*. Given Three Arrows' widespread defaults and radio silence, there is substantial risk that by the time a final award is rendered in this arbitration – likely to be over a year from now – such an award would be rendered meaningless and there will be no assets left to make Genesis whole. As such, an injunction is warranted.

II. GENESIS IS ENTITLED TO A PRELIMINARY INJUNCTION OVER SPECIFICALLY IDENTIFIABLE ASSETS

18. Alternatively and additionally, Genesis also easily meets each of the elements necessary for traditional injunctive relief pursuant to CPLR 6301. CPLR 6301, states:

> A preliminary injunction may be granted in any action where it appears that the defendant threatens or is about to do, or is doing or procuring or suffering to be done, an act in violation of the plaintiff's rights respecting the subject of the action, and tending to render the judgment ineffectual, or in any action where the plaintiff has demanded and would be entitled to a judgment restraining the defendant from the commission or continuance of an act, which, if committed or continued during the pendency of the action, would produce injury to the plaintiff.

19. To obtain a preliminary injunction, a plaintiff must demonstrate: (1) likelihood of success on the merits; (2) irreparable injury absent the injunction; and (3) a balancing of the equities in its favor. *Barbes Rest. Inc. v. ASRR Suzer 218, LLC*, 140 A.D.3d 430, 431, 33 N.Y.S.3d 43, 45

(1st Dep't 2016). Injunctive relief is appropriate "to maintain the status quo until there can be a full hearing on the merits." *Pamela Equities Corp. v. 270 Park Ave. Cafe Corp.*, 62 A.D.3d 620, 621, 881 N.Y.S.2d 44, 45 (1st Dep't 2009) (citation omitted).

A. Genesis Has Shown a Likelihood of Success on the Merits

20. Genesis can establish a *prima facie* case showing their right to relief on the merits which is necessary to demonstrate a "likelihood of success on the merits." *Matter of Witham v. Finance Invs., Inc.*, 52 A.D.3d 403, 403 (1st Dep't 2008). Genesis is not required to show that success is a certainty, only that it is likely. *Terrell v. Terrell*, 279 A.D.2d 301, 303 (1st Dep't 2001); *Props for Today, Inc. v. Kaplan*, 163 A.D.2d 177, 177 (1st Dep't 1990). "Where denial of injunctive relief would render the final judgment ineffectual, the degree of proof required to establish the element of likelihood of success on the merits should be accordingly reduced." *Republic of Lebanon v. Sotheby's*, 167 A.D.2d 142, 145 (1st Dep't 1990); *Gramercy Co. v. Benenson*, 223 A.D.2d 497, 498 (1st Dep't 1996) (same).

21. In this arbitration, Genesis has asserted one cause of action, for breach of contract. A claim for breach of contract requires the plaintiff to establish "(1) the parties entered into a valid agreement, (2) plaintiff performed, (3) defendant failed to perform, and (4) damages." *VisionChina Media Inc. v. Shareholder Representative Services, LLC*, 109 A.D.3d 49 (1st Dep't 2013). Genesis has established a prima facie case showing that it is likely to succeed on its claim.

22. Genesis has established that its predecessor-in-interest and Three Arrows are parties to the 2019 MLA, and its predecessor-in-interest transferred its interest in the 2019 MLA to Genesis. Genesis has established and it and Three Arrows are parties to the 2020 MLA. Genesis also has established that it performed under both agreements, including by duly lending cryptocurrency to Three Arrows under the terms of various term sheets.

23. As set forth in greater detail in the Statement of Claim, both MLAs permit Genesis to request Three Arrows to post "Additional Collateral" in the event that the value of the collateral already posted by Three Arrows declined relative to the outstanding amount of the loan. Genesis did so, and duly and properly issued the First Notification and the Second Notification to Three Arrows on June 12 and 13, 2022. Three Arrows failed to pay the required Additional Collateral, and failed to the contest the amount of Additional Collateral required (in fact, Three Arrows specifically acknowledged the First Notification); such failure constituted an "Event of Default" under the MLAs, and the entire amount of the loans immediately became due and owing. Three Arrows has failed to pay the outstanding value of the loan, thus breaching the MLAs and damaging Genesis.

24. As explained in more detail in the Pretto-Sakmann Witness Statement, none of the defenses referenced by Three Arrows' counsel at the June 21 Hearing hold water:

- Counsel argued that Genesis did not provide the terms sheets underlying the outstanding loans, but the Pretto-Sakmann Witness Statement exhibits the relevant term sheets and Telegram chats reflecting the amounts owing by Three Arrows.
- Counsel stated that Genesis did not seek the proper amount of Additional Collateral to be posted by Three Arrows (even though he did not say what the proper amount should be), yet the Pretto-Sakmann Witness Statement explains that these amounts are correct and Three Arrows never challenged the amounts set forth in the First Notification and Second Notification. Such failure, by itself, constitutes an Event of Default under the MLAs.
- Counsel for Three Arrows supposed that Ms. Pretto-Sakmann and the Risk team do not have authority to act on behalf of Genesis, but her Witness Statement describes how

she, as a director of Genesis, had authority to send the Notice of Default and the Risk team had authority to send the margin calls.

25. In sum, Three Arrows has not sufficiently rebutted Genesis's prima facie case.

B. <u>Genesis Has Shown That It Will Suffer Irreparable Injury Absent the Injunction</u>

26. "The mere existence of a remedy at law is not in itself sufficient ground for refusing relief in equity by injunction. To deprive a plaintiff of the aid of equity by injunction it must also appear that the remedy at law is plain and adequate; in other words, that it is as practical and efficient to secure the ends of justice and its proper and prompt administration as is the remedy in equity." *Ascentium Capital LLC v. Northern Capital Assoc. XIII, L.P.*, No. 650481/2012, 2014 N.Y. Misc. LEXIS 1962, at *17 (Sup. Ct. N.Y. Cty. Apr. 25, 2014) (citation. quotation marks, and ellipses omitted). The "theoretical availability of monetary damages will not prevent equitable relief in the form of an injunction when the underlying circumstances demonstrate that the legal remedy is not adequate." *Id*. at *18 (citations omitted).

27. Although a party seeking monetary relief is generally not entitled to a preliminary injunction, courts will find that a party has suffered irreparable harm and is entitled to a preliminary injunction where the "monies at issue are identifiable proceeds that are supposed to be held for the party seeking injunctive relief." *AQ Asset Mgmt. LLC v. Levine*, 111 A.D.3d 245, 259, 974 N.Y.S.2d 332, 342 (1st Dep't 2013). In such cases, courts have the power to order assets placed into escrow to preserve the status quo. *See also Fieldstone Capital, Inc. v. Loeb Partners Realty*, 105 A.D.3d 559, 560, 963 N.Y.S.2d 120, 122 (1st Dep't 2013) ("in order to preserve the status quo, the contested accounts should be frozen and the funds held in escrow pending a determination as to the rights of the parties"); *360 W. 11th LLC v. ACG Credit Co. II, LLC*, 46 A.D.3d 367, 367, 847 N.Y.S.2d 198, 198 (1st Dep't 2007) ("Since the purpose of a preliminary injunction is to maintain

the status quo pending a hearing on the merits, rather than to determine the parties' ultimate rights, the motion court exercised its discretion appropriately in granting plaintiffs' motion to the extent of directing defendant to place into escrow a certain sum of money.") (internal citation omitted); *Morri N.Y. Foods Corp. v. DeFilippo*, 34 A.D.3d 223, 224, 824 N.Y.S.2d 19, 20 (1st Dep't 2006) (affirming an order directing the parties to deposit certain monies which were "specifically identifiable, and their loss was likely during the pendency of the action"); *Sau Thi Ma v. Lien*, 198 A.D.2d 186, 186, 604 N.Y.S.2d 84, 85 (1st Dep't 1993) ("if the requested [preliminary injunction escrowing funds] is not granted, a substantial amount of money may be dissipated or otherwise unavailable for recovery"); *Suttongate Holdings Ltd. v. Laconm Mgmt. N.V.*, No. 652393/2015, 2016 N.Y. Misc. LEXIS 4410, at *7 (Sup. Ct. N.Y. Cty. Nov. 17, 2016) ("Here, Plaintiff has a valid security interest in specific funds to which it is due. An injunction directing the funds at issue to be deposited in an escrow account pending a determination of the parties' rights and obligations would preserve the status quo").

28. Here, the AVAX and NEAR tokens pledged to Genesis – worth $93,105,701.40 as of June 23, 2022 – are "specifically identifiable." They were plainly pledged to Genesis in the 2022 Pledge Agreement as security for Three Arrows' repayment obligations. The 2022 Pledge Agreements lists the specific wallets in which those AVAX and NEAR tokens are being held.[2] And the 2022 Amendment specifically states that if Three Arrows does not meet its obligations under the 2019 MLA, the AVAX and NEAR tokens "shall be taken into [Genesis's] possession as they are identified as Collateral under this Agreement."

[2] *See Leidel v. Project Investors, Inc.* No.: 16 Civ. 80060 (KEM), 2021 WL 4991253, at *2 (S.D. Fla. May 17, 2021) ("The cryptocurrency assets at issue are specific, identifiable property and can be traced in" certain wallet addresses"); *Heissenberg v. Doe*, No. 21 Civ. 80716 (RKA) (DLB), 2021 WL 8154531, at *1 (S.D. Fla. Apr. 23, 2021) (same).

29. The rest of the amounts due and owing to Genesis – $1,105,191,619 as of June 23, 2022 – are also identifiable proceeds. They are amounts that Three Arrows borrowed from Genesis, and were due to return. Three Arrows plainly owes such amounts under the terms of the MLA. At very least, Three Arrows should be ordered to place into escrow the Deribit Shares and Starkware Shares that it previously told Genesis that it had in its possession (and was willing to pledge to Genesis).

30. For the same reason, the $14,597,708.67 in Loan Fees and $14,637,702.39 in Late Fees are identifiable and Three Arrows should be ordered to place such amounts into escrow.

31. In the alternative, if the Arbitrator is not inclined to order Three Arrows to place assets into escrow, Genesis respectfully requests that Three Arrows be enjoined from taking any action to withdraw, transfer, sell, encumber, dissipate, or hypothecate those AVAX and NEAR tokens, the other $1,105,191,619 owing to Genesis, including but not limited to the Deribit Shares and Starkware Shares, and the $14,597,708.67 in Loan Fees and $14,637,702.39 in Late Fees pending a final decision on the merits of this action. *See Bd. of Managers of the 235 E. 22nd St. Condo. v. Lavy Corp.*, 233 A.D.2d 158, 161 (1st Dep't 1996) ("even though a plenary action seeking monetary damages against both defendants herein and the ultimate purchaser may be available to plaintiff in the event the event the property is transferred, the extinguishing of plaintiff's lien, which is plaintiff's only security for the past due common charge, clearly constitutes harm warranting injunctive relief"); *Zonghetti v. Jeromack*, 150 A.D.2d 561, 562 (2d Dep't 1989) (ordering injunction preventing dissipation of assets because "the uncontrolled sale and disposition by the defendants of their assets would threaten to render ineffectual any judgment which the plaintiffs might obtain") (citation omitted); *Ascentium*, 2014 N.Y. Misc. LEXIS 1962, at *18 ("Contrary to

defendants' arguments that plaintiff has only a monetary interest in the outcome of its claim, plaintiff has established irreparable injury due to the possibility of the loss of its secured claim").

C. The Balance of the Equities Tips in Genesis's Favor

32. In deciding whether to grant a preliminary injunction, the Court must weigh (i) the harm that would befall Three Arrows if injunctive relief is granted, against (ii) the harm that would befall Genesis if injunctive relief is denied. *See Sau Thi Ma*, 198 A.D.2d at 186-87 ("While the existence of some wrongdoing may impel a result for one side, the 'balance of the equities' usually simply requires the court to look to the relative prejudice to each party accruing from a grant or a denial of the requested relief"); *Gramercy Co. v. Benenson*, 223 A.D.2d 497, 498 (1st Dep't 1996) ("[B]alance of the equities tilts in favor of plaintiffs, who merely seek to maintain the status quo . . . ."). In weighing these factors, the scale tips decidedly in favor of granting relief to Genesis.

33. Three Arrows will not be harmed if it is required to place assets into escrow, which will ensure that those assets are available in the event Genesis prevails in this arbitration. *See Sau Thi Ma*, 198 A.D.2d at 187, 604 N.Y.S.2d at 85 ("we can perceive no great harm to defendants if the monies . . . are kept in escrow by their counsel pending resolution of the matter.").

34. By contrast, if an injunction is not issued, Genesis will suffer substantial and irreparable harm. As set forth above, if Three Arrows is not enjoined, Genesis will be deprived of a specifically identifiable amount to which it is entitled if it prevails in this arbitration.[3]

[3] Even if the Arbitrator believes that Genesis has not met the standards under the CPLR provisions cited in this brief, Genesis respectfully requests that the Arbitrator use his equitable powers to fashion a remedy reflecting the extraordinary circumstances of this case. 23A Carmody-Wait 2d § 141:228 (where "parties agree to arbitration under the rules of a named association and such rules empower the arbitrator to grant any relief which he or she deems just and equitable, an award granting equitable relief is proper, even though such relief could not or would not be granted in litigation before a court.").

CONCLUSION

35. For the reasons cited herein, Genesis respectfully requests that its motion be granted in all respects and that the following relief be granted: 1) ordering Three Arrows to place into escrow the AVAX and NEAR tokens pledged by Three Arrows to Genesis as security pending the resolution of this arbitration, or alternatively, enjoining Three Arrows from taking any action to withdraw, transfer, sell, encumber, dissipate, or hypothecate those AVAX and NEAR tokens; 2) ordering Three Arrows to place into escrow sufficient assets to cover the remaining $1,105,191,619 outstanding unsecured borrowings as of June 23, 2022, including but not limited to the Deribit Shares and Starkware Shares, or alternatively, enjoining Three Arrows from taking any action to withdraw, transfer, sell, encumber, dissipate, or hypothecate that $1,105,191,619, including the Deribit and Starkware Shares; and 3) ordering Three Arrows to place into escrow $14,597,708.67 in Loan Fees and $14,637,702.39 in Late Fees that Three Arrows owes as of June 23, 2022, or alternatively, enjoining Three Arrows from taking any action to withdraw, transfer, sell, encumber, dissipate, or hypothecate that $14,597,708.67 in Loan Fees or $14,637,702.39 in Late Fees.

Dated: New York, New York
June 23, 2022

MORRISON COHEN LLP

By: */s/ Jason P. Gottlieb*
Jason P. Gottlieb
Michael Mix
909 Third Avenue
New York, NY 10022
Telephone: 212-735-8600
Facsimile: 212-735-8708

Attorneys for Claimant Genesis Asia Pacific PTE. LTD.

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1 Raffles Place #18-61 Tower 2, Singapore 048616
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STEPHENSON HARWOOD (SINGAPORE) ALLIANCE

THREE ARROWS CAPITAL LTD
7 Temasek Boulevard
#21-04
Singapore 038987

Attention: Su Zhu / Kyle Davies

Lauren.Tang@shlegalworld.com
Email: YiLei.Tan@shlegalworld.com
Tel: +65 6835 8664 / +65 6661 6527
Direct Fax: +65 6339 4991
Our Ref: TS/YL/tbc
Your Ref: -

BY EMAIL AND HAND
(Email: operations@threearrowscap.com / kyle@threearrowscap.com / nxzhang@threearrowscap.com)

21 June 2022

Dear Sirs,

MASTER LOAN AGREEMENT DATED 9 NOVEMBER 2021 ("AGREEMENT")
LETTER OF DEMAND

1. We act for Livetree Community Ltd.

2. We refer to the Agreement entered into between our client, as lender, and you, as borrower. We adopt herein the meanings and abbreviations used in the Agreement for convenience.

3. We are instructed as follows:

   3.1. Pursuant to your Lending Request for US$300,000.00 and 10,000 Polkadot tokens ("**DOT**") on an Open Loan basis, our client duly transferred the US$300,000.00 and 10,000 DOT to you on 16 November 2021.

   3.2. Pursuant to Section III(a) read with the Loan Term Sheet in Exhibit B of the Agreement, an annual Borrow Fee / Loan Fee of 10% is applied on the US$300,000.00 loan and an annual Borrow Fee / Loan Fee of 8% is applied on the 10,000 DOT loan.

   3.3. On 16 June 2022, pursuant to Section II(c)(ii) of the Agreement, by way of email, our client exercised its Call Option and demanded repayment of the entirety of the Loan Balance. You accordingly had until the close of business on 17 June 2022 to repay the Loan Balance.

   3.4. To-date, our client has not heard from you on the above.

4. **TAKE NOTICE** that an event of default has therefore occurred pursuant to Section VIII(d) of the Agreement.

5. Our client **HEREBY DEMANDS** that you pay to our client within 48 hours of this letter (i.e. by 23 June 2022) the US$300,000.00 and 10,000 DOT as well as US$16,959.09 and 455.76646234 DOT as the Borrow Fee / Loan Fee accruing up to 31 May 2022. For

completeness, the Borrow Fee / Loan Fee will continue to accrue until the date of our client's receipt of the entirety of the Loan Balance.

6. **TAKE FURTHER NOTICE** that unless you pay the aforesaid sum to our client by 23 June 2022, our client will proceed to protect its interests, including but not limited to commencing arbitration pursuant to Section XIII of the Agreement to seek repayment of the US$300,000.00 and 10,000 DOT as well as US$16,959.09 and 455.76646234 DOT as the Borrow Fee / Loan Fee accruing up to 31 May 2022, injunctive relief, interest and costs, as well as to issue a statutory demand to commence insolvency proceedings against you, without further reference to you.

7. For the avoidance of doubt, payment of the aforementioned sums should be made to the accounts as set out in our client's letters dated 16 June 2022, as follows:

   7.1. In relation to the US$300,000.00 as well as US$16,959.09 as the Borrow Fee / Loan Fee accruing up to 31 May 2022:

   Account holder: Livetree Community Ltd
   Routing number: 048009519
   Account number: 9600001363894463
   Account type: Checking
   Bank address: 19 W 24th Street, New York NY 10010, United States

   7.2. In relation to the 10,000 DOT as well as 455.76646234 DOT as the Borrow Fee / Loan Fee accruing up to 31 May 2022:

   The digital wallet for the repayment is: 14rM35fyt4eiBxKA2Bjo85rD3eq5EjAoTi7S7hQamQAFoetQ

8. Separately, on or about 16 June 2022, our client received news that you had failed to meet margin calls from your lenders, and that you may be insolvent, or on the brink of insolvency.

   8.1. Pursuant to Section VIII(f) of the Agreement, if you institute any insolvency or reorganisation proceedings (including but not limited to the proceedings under Parts 5, 5A, 6, 7 and 8 of the Insolvency, Restructuring and Dissolution Act 2018) this will be an event of default. Please confirm immediately whether any such proceedings have been commenced, and if so, to provide details and related documents on the same.

   8.2. Pursuant to Section VIII(g) of the Agreement, if an event or circumstance occurs that has a material adverse effect on *inter alia* your business, prospects, financial condition, or ability to perform your obligations under the Agreement, this will also be an event of default. Our client reserves its rights accordingly.

9. Further and as you may know, where a company is insolvent, or on the brink of insolvency, directors of a company have a fiduciary duty to take into account the

interests of the company's creditors for the decisions they make on behalf of the company. The directors can also be liable for contracting a debt without reasonable prospect or probable grounds of expectation that the company would be able to pay the debt.

10. This is not an exhaustive statement of our client's claims and/or causes of action against you. All our client's rights are expressly reserved, including but not limited to our client's right to recover any market loss that our client may suffer as a result of delayed receipt of the DOT from you, as well as to amend any of the aforementioned figures. Nothing herein or any delay in exercising any of our client's powers, rights and remedies shall constitute a waiver, variation, suspension or limitation of any powers, rights and remedies of our client or otherwise prejudice such powers, rights and remedies, and shall not preclude (permanently or temporarily) the enforcement of, reliance on or exercise of such powers, rights and remedies at any time by our client.

Yours faithfully,

VIRTUS LAW LLP

FW: [URGENT] Three Arrow Capital BTC Withdrawal Request & Obligation

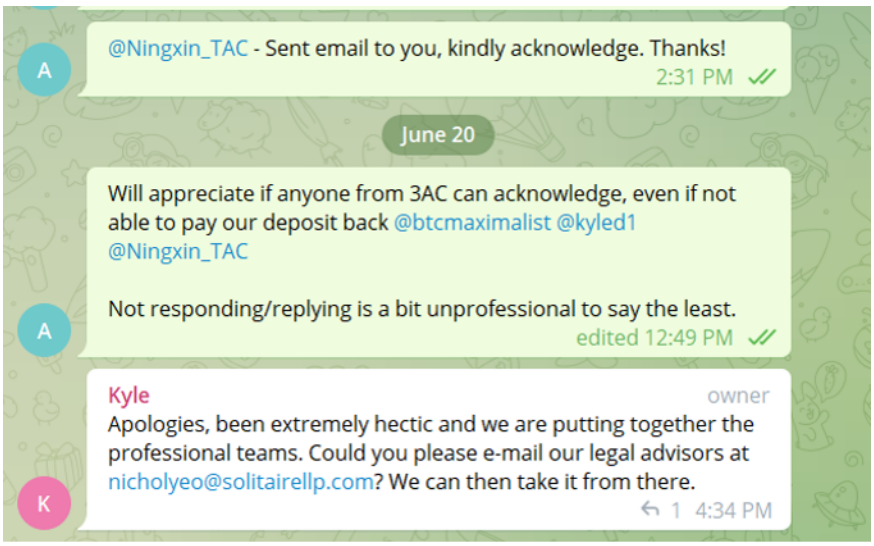
Kyle Davies <kyle@threearrowscap.com> Tue, Jun 21, 2022 at 2:14 PM
To: "solitaire.cmteam1@gmail.com" <solitaire.cmteam1@gmail.com>

From: Amarpreet Singh <amar.singh@oncustodian.com>
Sent: Tuesday, June 21, 2022 2:14:34 PM (UTC+08:00) Beijing, Chongqing, Hong Kong, Urumqi
To: nicholyeo@solitairellp.com <nicholyeo@solitairellp.com>
Cc: TAC Operations <operations@threearrowscap.com>; Raymond Cheong <raymond@oncustodian.com>; Clarence Leong <clarence.leong@oncustodian.com>; Regina Wong <regina.wong@oncustodian.com>; Jessica Lee <jessica.lee@oncustodian.com>; Ningxin Zhang <nxzhang@threearrowscap.com>; Leo Shiu <leo.shiu@oncustodian.com>
Subject: [URGENT] Three Arrow Capital BTC Withdrawal Request & Obligation

Dear Nichol,

We're writing to you in relation to email below (and in continuation to our telegram group chat with Three Arrow Capital), where our request to withdraw our balance deposit of 30.18386678 BTC (monthly lending statement attached) has not been acknowledged and has been ignored.

In the last and only message we received from any Three Arrow Capital employee (Kyle) in last 1-2 weeks, we were told to contact you (screenshot below):



Kindly do acknowledge, and let us know what are the next steps needed to get our BTC deposit back.

Wishing you a pleasant day ahead.

Best Regards,

Amarpreet Singh

Chief Operating Officer

Mobile : +65 8351 6101

Email : amar.singh@oncustodian.com

Onchain Custodian

ONCHAIN CUSTODIAN PTE. LTD.

20 COLLYER QUAY #11-04 SINGAPORE 049319

UEN: 201826040W

WWW.ONCUSTODIAN.COM

From: Amarpreet Singh <amar.singh@oncustodian.com>
Sent: Friday, June 17, 2022 10:54:45 AM
To: Ningxin Zhang <nxzhang@threearrowscap.com>; Onchain Custodian Institution <institution@oncustodian.com>
Cc: TAC Operations <operations@threearrowscap.com>; Raymond Cheong <raymond@oncustodian.com>; Clarence Leong <clarence.leong@oncustodian.com>; Regina Wong <regina.wong@oncustodian.com>; Jessica Lee <jessica.lee@oncustodian.com>
Subject: [URGENT] RE: TACL - Onchain Custodian Pte Ltd Borrowing Statement May 2022

737

Hi Ningxin,

Hope you are doing well.

We would like to make the request to end our Open term deposit (balance as per attached borrowing statement of May 2022 sent by you).

We also sent multiple messages requesting the same on our telegram chat with Three Arrows Capital, but no acknowledgement thus far (screenshot below).

Kindly acknowledge the email, and guide us on steps to follow for closure.

Thank you in advance for your assistance.

P.S. – Screenshot of requests on our Telegram group

Best Regards,

Amarpreet Singh

Chief Operating Officer

Mobile : +65 8351 6101

Email : amar.singh@oncustodian.com

ONCHAIN CUSTODIAN PTE. LTD.

20 COLLYER QUAY #11-04 SINGAPORE 049319

UEN: 201826040W

WWW.ONCUSTODIAN.COM

From: Ningxin Zhang
Sent: Wednesday, 1 June 2022 10:23 AM
To: Onchain Custodian Institution; Amarpreet Singh
Cc: TAC Operations
Subject: TACL - Onchain Custodian Pte Ltd Borrowing Statement May 2022

Hi counterparty,

Please see the May borrowing statement for your record. Thank you.

Regards,
Ningxin

OnchainCustodianPteLtd-TACL.pdf
23K

TACL Lending Statement May 2022 - Onchain Custodian Pte Ltd

Date	Ccy	Loan outstanding	Rate	Payment Ccy	Interest
2022-05-01	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-02	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-03	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-04	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-05	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-06	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-07	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-08	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-09	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-10	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-11	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-12	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-13	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-14	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-15	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-16	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-17	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-18	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-19	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-20	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-21	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-22	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-23	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-24	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-25	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-26	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-27	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-28	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-29	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-30	BTC	30.08167156	4.00%	BTC	0.00329662
2022-05-31	BTC	30.08167156	4.00%	BTC	0.00329662

Total fee (BTC): 0.10219522

Outstanding loan amount (BTC): 30.18386678

FW: Moonbeam Foundation/Moonbase One - Three Arrows Capital Repayment Obligation 740

Kyle Davies <kyle@threearrowscap.com> Thu, Jun 23, 2022 at 4:35 AM
To: "solitaire.cmteam1@gmail.com" <solitaire.cmteam1@gmail.com>

From: Aaron Evans <aaron@moonbeam.foundation>
Sent: Thursday, June 23, 2022 4:34:53 AM (UTC+08:00) Beijing, Chongqing, Hong Kong, Urumqi
To: Nichol Yeo <nicholyeo@solitairellp.com>; Ningxin Zhang <nxzhang@threearrowscap.com>; Kyle Davies <kyle@threearrowscap.com>
Cc: TAC Operations <operations@threearrowscap.com>; Loan <loan@tpscap.com>; Account Admin <admin@moonbeam.foundation>
Subject: Moonbeam Foundation/Moonbase One - Three Arrows Capital Repayment Obligation

Hi Nichol Yeo,

You have been identified by Kyle Davies, Chairman of Three Arrows Capital as legal counsel representing the company.

We are reiterating our demand for the immediate repayment of our two outstanding loan principals ($7MM USDC and $10MM USDT) and accrued interest under the terms of the Master Digital Currency Loan Agreement (MLA) between Moonbeam Foundation Ltd (Lender) and Three Arrows Capital Ltd (Borrower), dated 2021-09-20.

The above MLA was assigned to Moonbase One Ltd as the lender on 2022-04-13 under the same terms.

We exercised our open-term loan call option via email on June 15th as outlined in the MLA II (c)(ii). Under the terms of the MLA, the repayment must occur within 2 business days.

Three Arrows Capital is currently in default of its repayment obligation. We are requesting your response acknowledging the receipt of our repayment demand and information on when Three Arrows Capital is expected to fulfill its repayment obligations.

Best regards,

--
Aaron
Evans |
Director |
aaron@moonbeam.foundation
343
Preston St, 11th Floor, Ottawa, ON, Canada K1S 1N4

MOONBEAM
FOUNDATION

_____
This e-mail may contain information that is confidential or protected from disclosure. If you are not an intended recipient of this e-mail, please delete and do not duplicate or redistribute it. Unless specifically indicated, this e-mail is not an offer nor a solicitation to buy or sell any securities, investment products or other financial product or service, an official confirmation of any transaction, nor an official statement of Three Arrows Capital Pte. Ltd. Please note that we reserve the right to review content of emails and instant messages passing through our IT systems. Calls may be recorded for quality and monitoring purposes. Please refer to our website at www.threearrowscap.com for any further Terms and Conditions
_____

LOAN TERM SHEET

This loan agreement dated 2021-11-02 between Moonbeam Foundation Ltd., ("Moonbeam Foundation Ltd.," or "Lender") and Three Arrows Capital Ltd ("Three Arrows Capital" or "Borrower") incorporates all of the terms of the Master Digital Currency Loan Agreement between Lender and Borrower on 2021-09-20 and the following specific terms:

Borrower: Three Arrows Capital Ltd
Lender: Moonbeam Foundation Ltd.,
Borrowed Asset Type: USDT
Amount of Borrowed Asset: 10,000,000.00
Borrow Fee: 12%
Loan Type: Open Term
Loan Term: Open Term
TXID:
0xcc2d84e097a8eb70a7faa3294ce60cdf046fe8a463dd06f57355f926b4db96c9
0x0420a532ae7162e61c58dcc17964ccb1ece8704708fa11da782812f7c18d2e04
0x2dd61aee6223e6e9be7d4ed3c25c14e3b7389d8405cddc8768d95e8c7e8d9a42

Moonbeam Foundation Ltd.,

By: DocuSigned by: Aaron Evans 85DD7D5718A744E...
Name: Aaron Evans
Title: Director

Three Arrows Capital Ltd

By: DocuSigned by: 715665D33A144445...
Name: Kyle Davies
Title: Chairman

LOAN TERM SHEET

This loan agreement dated 2021-12-14 between Moonbeam Foundation Ltd., ("Moonbeam Foundation Ltd.," or "Lender") and Three Arrows Capital Ltd ("Three Arrows Capital" or "Borrower") incorporates all of the terms of the Master Digital Currency Loan Agreement between Lender and Borrower on 2021-09-20 and the following specific terms:

Borrower: Three Arrows Capital Ltd
Lender: Moonbeam Foundation Ltd.,
Borrowed Asset Type: USDC
Amount of Borrowed Asset: 7,000,000 USDC
Borrow Fee: 12%
Loan Type: Open Term
Loan Term: Open Term
TXID:
0xa4f6a860f55c81d0acc3e7304ed58a3666b74ad3435684ce8649507a228b3a3a
0x5ba5007aac1d9d18622689f0fd0b2c4201b210a1d1a9c62fdb390c7bc8902bc1
0xdda5e0745a6d922328cd332a128a93e5224b42137a2c331a8cd2573fa39ba402

Moonbeam Foundation Ltd.,

By: DocuSigned by: Aaron Evans
Name: Aaron Evans
Title: Director

Three Arrows Capital Ltd

By: DocuSigned by: Kyle Davies
Name: Kyle Davies
Title: Chairman

TACL Lending Statement May 2022 - Moonbase One Ltd

Date	Ccy	Loan outstanding	Rate	Payment Ccy	Interest
2022-05-01	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-02	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-03	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-04	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-05	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-06	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-07	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-08	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-09	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-10	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-11	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-12	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-13	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-14	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-15	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-16	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-17	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-18	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-19	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-20	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-21	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-22	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-23	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-24	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-25	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-26	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-27	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-28	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-29	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-30	USDC	7274582.48	8.00%	USDC	1594.43
2022-05-31	USDC	7274582.48	8.00%	USDC	1594.43

Total fee (USDC): 49427.33

Outstanding loan amount (USDC): 7324009.81

THREE ARROWS CAPITAL

TACL Lending Statement May 2022 - Moonbase One Ltd

Date	Ccy	Loan outstanding	Rate	Payment Ccy	Interest
2022-05-01	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-02	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-03	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-04	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-05	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-06	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-07	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-08	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-09	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-10	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-11	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-12	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-13	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-14	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-15	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-16	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-17	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-18	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-19	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-20	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-21	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-22	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-23	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-24	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-25	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-26	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-27	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-28	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-29	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-30	USDT	10535918.81	8.00%	USDT	2309.24
2022-05-31	USDT	10535918.81	8.00%	USDT	2309.24

Total fee (USDT): 71586.44

Outstanding loan amount (USDT): 10607505.25

FW: Moonbeam Foundation: Notice of Termination of Liquidity Consulting Agreement 745

Kyle Davies <kyle@threearrowscap.com> Thu, Jun 23, 2022 at 5:05 AM
To: "solitaire.cmteam1@gmail.com" <solitaire.cmteam1@gmail.com>

From: Aaron Evans <aaron@moonbeam.foundation>
Sent: Thursday, June 23, 2022 5:05:30 AM (UTC+08:00) Beijing, Chongqing, Hong Kong, Urumqi
To: Ningxin Zhang <nxzhang@threearrowscap.com>; Loan <loan@tpscap.com>; TAC Operations <operations@threearrowscap.com>; Nichol Yeo <nicholyeo@solitairellp.com>
Cc: Kyle Davies <kyle@threearrowscap.com>; Tim <Tim@threearrowscap.com>; Fung Wong <fung@threearrowscap.com>; Stefan Chu <stefan@tpscap.com>; Morgenstern@tpscap.com <Morgenstern@tpscap.com>; Wilson <wilson@threearrowscap.com>; Account Admin <admin@moonbeam.foundation>
Subject: Re: Moonbeam Foundation: Notice of Termination of Liquidity Consulting Agreement

Dear Nichol Yeo,

You have been identified by Kyle Davies, Chairman of Three Arrows Capital as legal counsel representing the company.

We are requesting your response acknowledging the receipt of our notice to terminate the liquidity consulting agreement between Moonbeam Foundation Ltd (Lender) and Three Arrows Capital Ltd (Borrower) dated 1/28/2021 (and amendment dated 12/24/2021).

Under section 3 (Term & Termination), either party may terminate the Agreement for any reason whatsoever upon thirty (30) days written notice to the other party. As evidenced by the thread below, written notice was originally given on June 15th, 2022 meaning the 200,000 MOVR and 10,000,000 GLMR tokens under loan to Three Arrows Capital must be returned to the Moonbeam Foundation by July 15th, 2022.

Best regards,

--
Aaron
Evans |
Director |
aaron@moonbeam.foundation
343
Preston St, 11th Floor, Ottawa, ON, Canada K1S 1N4

On Mon, Jun 20, 2022 at 9:43 AM Aaron Evans <aaron@moonbeam.foundation> wrote:

> Adding nicholyeo@solitairellp.com.
>
> Please see our notice below sent last week on June 15th.
>
> --
> Aaron
> Evans |
> Director |
> aaron@moonbeam.foundation
> 343
> Preston St, 11th Floor, Ottawa, ON, Canada K1S 1N4
>
> 
>
>
> On Wed, Jun 15, 2022 at 10:02 AM Aaron Evans <aaron@moonbeam.foundation> wrote:
>
> > Hello Three Arrows Team,
> >
> > The Moonbeam Foundation is hereby providing written notice to terminate the attached liquidity consulting agreement (w/ amendment).
> >
> > The tokens may be sent to the following addresses:
> >
> > MOVR
> > 0x64c22C4d1f62141317B52426308283fDd29519E7
> >
> > GLMR
> > 0xDbf65f38Adfb79F3d04e6d04E3b1695F95CFf806

Thank you

--
Aaron
Evans I
Director I
aaron@moonbeam.foundation
343
Preston St, 11th Floor, Ottawa, ON, Canada K1S 1N4

MOONBEAM
FOUNDATION

_____
This e-mail may contain information that is confidential or protected from disclosure. If you are not an intended recipient of this e-mail, please delete and do not duplicate or redistribute it. Unless specifically indicated, this e-mail is not an offer nor a solicitation to buy or sell any securities, investment products or other financial product or service, an official confirmation of any transaction, nor an official statement of Three Arrows Capital Pte. Ltd. Please note that we reserve the right to review content of emails and instant messages passing through our IT systems. Calls may be recorded for quality and monitoring purposes. Please refer to our website at www.threearrowscap.com for any further Terms and Conditions
_____

LIQUIDITY CONSULTING AGREEMENT

THIS AGREEMENT (the "Agreement'') is made effective as of the 1/28/2021, 2021 (the "Agreement Date") by and between **Three Arrows Capital Ltd.** limited company with a registered office at 7 Suntec Tower One 038987, 21-04 Temasek Blvd, Singapore ("Consultant"), and **Moonbeam Foundation Ltd.**, a **Singapore PUBLIC COMPANY LIMITED BY GUARANTEE** with a registered address at **1 George Street, #10-01, Singapore (049145)** (the "Customer"). The "Effective Date" shall be when it is reasonably agreed that the Customer's crypto-tokens are tradable on any of the exchanges in in Schedule A.

WHEREAS, Consultant is a specialist in advising on obtaining liquidity in markets for crypto tokens across different exchanges; and

WHEREAS, Customer has issued crypto-tokens (the "**TOKENS**") listed in Schedule B, for use on its platforms and seeks to improve liquidity.

WHEREAS, the parties agree that Customer is entering worldwide market seeking Consultant's services;

NOW, THEREFORE, in consideration of the promises and the mutual covenants, terms and conditions hereinafter set forth, and for other good and valuable consideration, receipt of which is specifically acknowledged, the parties hereto hereby agree as follows:

Section 1. Consultant DELIVERABLES

a. Reporting.

Consultant will provide Customer with weekly reports providing summaries and statistics of market activity, related to Customer's TOKENS.

All such reports will be delivered to Customer in electronic form to email addresses of Customer's choosing. Consultant will use commercially reasonable efforts in selecting and preparing any content included in any reports and the selection of such content will be at Consultant's discretion.

b. Exchange Listings Negotiations.

Consultant will use commercially reasonable efforts to open up new markets for **TOKENS**. Consultant will conduct market analysis and suggest suitable exchanges for **TOKENS** to trade on. Customer will be responsible for approaching such exchanges to seek a listing.

Some exchanges may require a listing fee, with payment of any such fee remaining the sole responsibility of Customer, separate and apart from the terms herein. Any such payment will be at Customer's sole discretion.

c. Market Operations & Trading

Subject to the terms of this Agreement, Consultant will use commercially reasonable efforts to increase the liquidity of **TOKENS** traded on any exchanges where **TOKENS** becomes listed with prior written approval by the Customer and where Consultant is integrated ("Integrated Exchanges"). The Integrated Exchanges as of the Effective Date are listed in Schedule A hereto and are subject to change. Such efforts will include the use of Consultant's proprietary trading bot in accordance with a strategy crafted by Consultant to add liquidity to any applicable markets. In addition, Consultant will take commercially reasonably efforts in its discretion to integrate with the

Additional Exchanges (as listed in Schedule A) prior to **TOKENS** trading on any such exchanges. Consultant will reasonably cooperate and communicate with Customer in good faith regarding Consultant's efforts to increase liquidity, provided that Consultant will have sole discretion to craft such a strategy and operate its trading bot in accordance with what Consultant deems to be the most effective and efficient way to increase liquidity.

d. Customer will provide written notice to Consultant of the desired date it wishes to proceed with the deliverables described in this Section 1 (the "Commencement Date"), and Consultant shall use best efforts to accommodate such request or find another date mutually amenable to both parties.

Section 2.

a. Setup Fee

Customer will pay Consultant a sum of **90.000,00** US Dollars as a **Six Month Fee**. During Agreement term, Customer shall make monthly installments against the **Six Month Fee**. Each such monthly installment shall be equal to 1/6th of the Six Month Fee for said Contract term. The first monthly installment shall be paid on the date of this Agreement; and subsequent installments shall be paid on or before the first day of each subsequent calendar month after the Effective Date of the Moonbeam GLMR token during the term of this Agreement upon issuance of the Invoice by the Consultant.

b. Debt Arrangement

Customer will provide Consultant an amount of **TOKENS** (as listed in Schedule B) in exchange for a debt obligation requiring Consultant to return the funds as of termination of this Agreement (the "Debt Arrangement"). Amount will be delivered to Consultant prior to the Commencement Date. The purpose of the Debt Arrangement is to provide Consultant initial funds to engage in the deliverables related to Market Operations & Trading, using methods chosen at its discretion, subject to the other terms of this Agreement.

The Debt Arrangement is subject to change during the term of the Agreement with the written consent of each party, based on the market conditions for **TOKENS** tokens. Any additional amount to be added to the Debt Arrangement (the "Additional Debt Arrangement" and, together with the Debt Arrangement, the "Total Debt Arrangement") will be mutually agreed upon in writing by Customer and Consultant, and will be included as an annex to this Agreement.

Consultant will return to Customer the Total Debt Arrangement in full in **6 months** (as applicable) with zero percent (0%) interest, upon termination of the Agreement, except in the event of unsettled invoices as per Section 2(b), in which case, Consultant will hold the amount of the Debt Arrangement until all outstanding invoices are settled and all invoicing disputes are resolved. For purposes of repayment of the Total Debt Arrangement by Consultant to the Customer, the full amount of **TOKENS** provided in the Debt Arrangement should be the full amount returned when this agreement ends or is terminated.

c. The Fee and Debt Arrangement described in Section 2(a) and (b) above shall be paid and delivered to wallet addresses which will be provided to Customer upon the Effective Date.

Section 3. TERM & TERMINATION

This Agreement will commence on the Effective Date and terminate six (6) months after the Effective Date (the "Term"). Customer shall have right to terminate this agreement at any time after the Effective Date as set forth herein, provided that if at any point in time the **TOKENS** are listed on an

exchange or alternative trading system that is registered with the Securities and Exchange Commission ("SEC) and an approved member of FINRA, and that is also capable of supporting secondary trading in Tokens by U.S. persons, this Agreement will terminate immediately upon notice by the Customer; and provided further that either party may terminate this Agreement upon written notice if the other party material breaches any provision or representation in this Agreement. Either party may terminate this Agreement for any reason whatsoever upon thirty (30) days written notice to the other party.

If Customer is fifteen (15) days late or more in making any monthly payment, Consultant will have the right to immediately terminate this Agreement by providing Customer written notice of such intent; Consultant may waive its right to terminate the Agreement by simply accepting payment.

Section 4. CONFIDENTIALITY

a. Use of Confidential Information.

The parties, from time to time, may disclose Confidential Information to one another. Accordingly, each party agrees as the recipient (the "Receiving Party") to keep strictly confidential all Confidential Information provided by the other party (the "Disclosing Party"). The Receiving Party further agrees to use the Confidential Information of the Disclosing Party solely for the purposes of its existing rights and fulfilling its obligations under this Agreement. The Receiving Party may not use for its own benefit or otherwise disclose any of the Confidential Information of the Disclosing Party or any other purpose.

b. Definition of Confidential Information.

"Confidential Information" means, subject to Section 4(a), information in any form, oral, graphic, written, electronic, machine-readable or hard copy consisting of (i) any non-public information provided by the Disclosing Party, including but not limited to, all of its inventions, designs, data, source and object code, program interfaces, know-how, trade secrets, techniques, ideas, discoveries, marketing and business plans, pricing, profit margins, and/or similar information or (ii) any information which the Disclosing Party identifies as confidential information or the Receiving Party should understand from the context of the disclosure, to be confidential information. Confidential Information also includes this Agreement and the fact of its existence.

c. Scope

The obligations of this Section 4, including the restrictions on disclosure and use, shall not apply with respect to any Confidential Information to the extent such Confidential Information: (a) is or becomes publicly known through no wrongful act or omission of the Receiving Party; (b) was rightfully known by the Receiving Party before receipt from the Disclosing Party; (c) becomes rightfully known to the Receiving Party without confidential or proprietary restriction from a source other than the Disclosing Party that does not owe a duty of confidentiality to the Disclosing Party with respect to such Confidential Information; or (d) is independently developed by the Receiving Party without the use of or reference to the Confidential Information of the Disclosing Party. In addition, the Receiving Party may use or disclose Confidential Information to the extent (i) approved by the Disclosing Party or (ii) the Receiving Party is legally compelled to disclose such Confidential Information.

d. Time Limitations.

The provisions of this Section 4 will remain in force and effect for one year after the termination of this Agreement.

Section 5. REPRESENTATIONS AND WARRANTIES

Consultant provides no warranty as to the ultimate performance of **TOKENS** and makes no representation that **TOKENS** will or will not achieve certain volume targets. Consultant's obligations hereunder are limited to making commercially reasonable efforts to advise on methods to increase liquidity to **TOKENS** markets. Consultant will perform all its activities in a workmanlike manner and will use commercially reasonable efforts. Consultant makes no promise or guarantee that it can get or keep **TOKENS** listed on any exchange or platform.

Consultant represents and warrants that (i) it is domiciled and has its principal place of business outside the United States; (ii) neither it nor any affiliate performing activities contemplated by this Agreement is a U.S. person (as defined in Regulation S under the Securities Act) or is deemed not to be U.S. persons under Rule 902(k)(2) of Regulation S (a "Non-U.S. person"), (iii) that all activities related to this Agreement will be conducted outside the United States, and (iv) it is not acquiring or trading in any **TOKENS** for the account or benefit of any U.S. person.

Consultant further represents and warrants that it is not registered with the SEC as a broker-dealer, exchange or alternative trading system and is not a member of FINRA, nor is Consultant required to register with the SEC or become a member of FINRA, or is otherwise subject to the rules of the SEC or FINRA applicable to broker-dealers, exchanges or alternative trading systems.

Consultant understands and agrees that it will conduct all activity under this Agreement in compliance with all applicable federal, state, and local law. Without limiting the generality of the foregoing, Consultant will strictly avoid engaging in any actions taken by any market participant or a person acting in concert with a market participant which are intended to: (a) deceive or mislead other traders, (b) artificially control or manipulate the price or trading volume of an asset, or (c) aid, abet, enable, finance, support, or endorse either of the above (such conduct is defined as "Market Manipulation"). Market Manipulation specifically includes, without limitation: frontrunning, wash trading, spoofing, layering, churning, and quote stuffing, but does not include customary market-making activities conducted by or on behalf of Customer that do not violate: (i) applicable federal, state, local and foreign governmental laws, rules, regulations and ordinances (including, but not limited to, Regulation S and the rules, regulations and ordinances promulgated by the SEC the U.S. Department of the Treasury, the Office of Foreign Assets Control, the U.K. Financial Conduct Authority, or H.M. Treasury), or any other law or regulation, and (ii) all permits, licenses, consents and other governmental or regulatory authorizations and approvals necessary for the conduct of the Customer's business.

Customer warrants that the **TOKENS** have been offered and sold in material compliance with the U.S. federal securities law.

Each party agrees that it will immediately notify the other party of any Material Change that has occurred with respect to the notifying party. "Material Change" shall mean, with respect to the notifying party, any action, omission, or event, which would have a material adverse effect on the ability of the notifying party to perform its obligations under this Agreement.

Each party represents and warrants, as of the Effective Date, and throughout the Term, that: (i) it is duly organized, validly existing and in good standing under the laws of the party's country of organization, and the individual signing this Agreement on behalf of the party has been duly authorized by the party to do so; (ii) it has all requisite power and authority to enter into this Agreement and conduct any transactions contemplated by this Agreement, including having all permits, licenses, authorizations, orders, and approvals of, and have made all filings, applications and registrations with, all governmental authorities that are required in order to (a) execute and delivery this Agreement, (b) permit it to conduct its business as presently conducted, (c) engage in transactions in the **TOKENS**, and (d) perform any obligation relating to the **TOKENS** and this Agreement, and each of the foregoing are in full force and effect; (iii) this Agreement will constitute a legal, valid and binding obligation of each party, enforceable against it in accordance with its terms, except as such enforceability may be limited by Law; and (iv) it is not subject to any disqualifying events as described in Rule 506(d) under the Securities Act of 1933.

Section 6. LIMITATION ON LIABILITY

Customer agrees and acknowledges that Consultant is not responsible for the performance of **TOKENS** on the market. Customer agrees to hold Consultant harmless for any (i) **TOKENS** price fluctuations or price depreciation during the Term of this Agreement, or (ii) in the event **TOKENS** is delisted from any exchange or platform for any reason whatsoever, except for a delisting, price fluctuation, or price depreciation that is caused due to the gross negligence or willful misconduct of Consultant (each a "Consultant Delisting or Depreciation). Customer agrees to hold Consultant harmless in the event of an exchange bankruptcy where **TOKENS** is listed and where Consultant is holding funds from the debt arrangement (as described in Section 2). While Consultant will use commercially reasonable efforts to vet any such online trading platform for adequate security, Customer agrees to hold Consultant harmless in the event such trading platform experiences a loss of funds that is outside of Consultant's control (including but not limited to a hacking incident or security breach). In the event any sum of Customer's funds are lost due to an insolvency issue at any such online trading platform, which insolvency issue occurred through no fault of Consultant, which shall be deemed to occur wherein such online trading platform will not return funds within ninety (90) days of a request made in writing by Consultant, Consultant will have the right to transfer to Customer any claim or portion of a claim it has against such trading platform as such claim relates to Customer's funds. Consultant will execute any required paperwork to facilitate such transfer and thereafter Customer shall have no right of action against Consultant for the return of such funds; after such transfer Consultant will cooperate fully with Customer to sign any additional documents or provide any requested information to facilitate Customer's claim.

Notwithstanding anything in this Agreement to the contrary or the failure of essential purpose of any limited remedy or limitation of liability, each party's entire liability arising from or relating to this Agreement or the subject matter hereof, under any legal theory (whether in contract, tort, or otherwise), shall not exceed the amounts paid by Customer to Consultant (including the Total Debt Arrangement). Notwithstanding the foregoing, the limitations set forth in this section shall not apply to either party's liability as a result of fraud, gross negligence or willful misconduct.

Section 7. INDEMNIFICATION

Except to the extent that any liability, loss, penalty or damage is caused by fraud, willful misconduct, a Consultant Delisting or Depreciation, a breach of this Agreement, or noncompliance with applicable law on the part of Consultant, Customer will defend, indemnify and hold harmless Consultant and its affiliates (and each of their employees, shareholders, directors and representatives) for any third party penalty, claim or loss to the extent any such penalty, loss or claim that arises based on (a) any breach of any representation, warranty or covenant of this Agreement by the Customer or (b) noncompliance with applicable law by the Customer.

Consultant will defend, indemnify and hold harmless Customer and its affiliates (and each of their employees, shareholders, directors and representatives) for any third party penalty, claim or loss to the extent any such penalty, loss or claim that arises out based on Consultant's fraud, willful misconduct, a breach of this Agreement, a Consultant Delisting or Depreciation, a loss of funds that is caused (directly or indirectly) by Consultant, or noncompliance with applicable law by Consultant or its affiliates. For the avoidance of doubt, the foregoing indemnity will not apply in any case Consultant's non-breaching performance under this Agreement is deemed by any US authority to be in violation of US law.

Section 8. ARBITRATION

Any dispute, controversy or claim arising out of or relating to this contract, or the breach termination or invalidity thereof, shall be settled by arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Chambers' Arbitration Institution in force on the date on which the notice of arbitration is submitted in accordance with these rules.

The number of arbitrators shall be one. The seat, or legal place of arbitration shall be the city of Zug, Switzerland. The language to be used in the arbitral proceedings shall be English.

Section 9.GOVERNING LAW

This Agreement will be governed by and construed and interpreted in accordance with the laws of Switzerland. All actions or proceedings arising in connection with this Agreement will be tried and litigated in Canton of Zug, Switzerland. Each party waives any right it may have to assert the doctrine of *forum non conveniens,* to assert that it is not subject to the jurisdiction of such courts or to object to venue to the extent any proceeding is brought in accordance herewith.

Section 10. ENTIRE AGREEMENT

This Agreement supersedes and cancels any and all prior agreements between the parties hereto, express or implied, relating to the subject matter hereof, with the exception of any agreement signed contemporaneous hereto. This Agreement sets forth the entire agreement between the parties hereto. It may not be changed, altered, modified or amended except in a writing signed by both parties.

Section 11. NON-WAIVER

The failure or refusal of either party to insist upon the strict performance of any provision of this Agreement or to exercise any right in any one or more instances or circumstances will not be construed as a waiver or relinquishment of such provision or right.

Section 12. ASSIGNMENT/NON-ASSIGNMENT

Neither party will assign this Agreement, in whole or in part, without the prior written consent of the other party. This Agreement will inure to the benefit of, and be binding upon the parties hereto, together with their respective legal representatives, successors, and assigns, as permitted herein.

Section 13. SEVERABILITY

If any paragraph, term or provision of this Agreement will be held or determined to be unenforceable, the balance of this Agreement will nevertheless continue in full force and effect unaffected by such holding or determination to the fullest extent permitted by law as though such paragraph, term or provision had been written in such a manner and to such an extent as to be enforceable under the circumstances.

Section 14. NOTICE

All notices hereunder will be in writing. Notices may be delivered by email to **info@moonbeam.foundation** respectively. Either party may designate a new address for purposes of this Agreement by notice to the other party in accordance with this paragraph.

Section 15. CAPTIONS

The Section captions and headings are merely for ease of reference and will not to be read into the meaning of the covenants hereunder. This Agreement is the product of arm's length negotiation between the parties and as such may not be resolved against the drafter.

Section 16. ATTORNEY'S FEES

If any litigation or arbitration is necessary to enforce the terms of this Agreement, the prevailing party will be entitled to have their attorney fees paid by the other party.

Section 17. SIGNATURES AND COUNTERPARTS

PDF email signatures to this Agreement will be deemed as original. This Agreement may be executed in counterparts, that when taken together will be deemed one complete fully executed document.

Section 18. TAXES

Each party will be responsible for reporting and discharging its own tax compliance obligations arising under this Agreement.

IN WITNESS WHEREOF, the parties have set their signatures hereto as of the date first

THREE ARROWS CAPITAL LTD.

DocuSigned by:
15665D33A144445...
Kyle Davies

Chairman

1/28/2021

Moonbeam Foundation Ltd

DocuSigned by:
Aaron Evans
85DD7051064744E...
Aaron Evans

Director

1/28/2021

Schedule A

Exchanges with existing connectivity:
- Binance (cash and derivatives)
- Bitfinex
- Huobi
- Kraken
- OKEx (cash and derivatives)

& any new exchange on which Consultant commences trading during the tenor of our agreement.

Schedule B

Token Name	Network	Amount
GLMR	Moonbeam (Polkadot)	200,000
RIVER	Moonriver (Kusama)	200,000

Amendment to LIQUIDITY CONSULTING AGREEMENT

This amendment (the "Amendment") is made by **Three Arrows Capital Ltd.** limited company with a registered office at 7 Suntec Tower One 038987, 21-04 Temasek Blvd, Singapore ("Consultant") and **Moonbeam Foundation Ltd.**, a **Singapore PUBLIC COMPANY LIMITED BY GUARANTEE** with a registered address at **1 George Street, #10-01, Singapore (049145)** (the "Customer"), parties to the agreement Liquidity Consulting Agreement dated 28/1/2021 (the "Agreement").

The Agreement is amended as follows:

1. The section that read:

Schedule B

Token Name	Network	Amount
GLMR	Moonbeam (Polkadot)	200,000
RIVER	Moonriver (Kusama)	200,000

Shall now read:

Schedule B

Token Name	Network	Amount
GLMR	Moonbeam (Polkadot)	12,500,000* (10,000,000 of which at launch)
RIVER	Moonriver (Kusama)	200,000

* based on a genesis supply of 1 Billion Tokens

2. Clarification/ extension:

The original agreement read:

“This Agreement will commence on the Effective Date and terminate six (6) months after the Effective Date (the "Term")”

This wording is confusing since the effective date for the MOVR token was August 27th, 2021 and therefore the agreement was supposed to terminate on February 27th, 2022, while the effective date for the GLMR token has not been reached yet.

Clarification:

Both parties agree to extend the agreement for the MOVR Token by additional 6 months beyond February 27th, 2022. Also the agreement will not terminate before 6 months of the effective date for the GLMR token have passed. The earliest termination date for the agreement therefore shall be the latter of the two events (i) combined 12 month term since the effective date for MOVR or (ii) passing of 6 months since effective date of GLMR. The setup fee for the additional period shall be USD 15,000.00 per month, payable on the 28th of each month for the following month.

Except as set forth in this Amendment, the Agreement is unaffected and shall continue in full force and effect in accordance with its terms. If there is conflict between this amendment and the Agreement or any earlier amendment, the terms of this amendment will prevail.

THREE ARROWS CAPITAL LTD.

DocuSigned by:
Kyle Davies
15065D33A144445...

Name: Kyle Davies

Title: Chairman

Date: 12/24/2021

Moonbeam Foundation Ltd

DocuSigned by:
Aaron Evans
85DD7051064744E...

Name: Aaron Evans

Title: Director

Date: 12/24/2021

FW: 3AC Loan Repayment

Kyle Davies <kyle@threearrowscap.com>
To: "solitaire.cmteam1@gmail.com" <solitaire.cmteam1@gmail.com>

Thu, Jun 23, 2022 at 1:35 AM

From: Stefan Mehlhorn <stefan@purestake.com>
Sent: Thursday, June 23, 2022 1:35:23 AM (UTC+08:00) Beijing, Chongqing, Hong Kong, Urumqi
To: nicholyeo@solitairellp.com <nicholyeo@solitairellp.com>; Ningxin Zhang <nxzhang@threearrowscap.com>; Kyle Davies <kyle@threearrowscap.com>
Cc: Derek Yoo <derek@purestake.com>; Olivia <olivia@purestake.com>; TAC Operations <operations@threearrowscap.com>; Loan <loan@tpscap.com>
Subject: 3AC Loan Repayment

Dear Nichol Yeo, you have been identified by Kyle Davies, Chairman of Three Arrows Capital as legal counsel representing the company.

We are reiterating our demand for the immediate repayment of the outstanding loan principal ($8MM USDC) and accrued interest under the terms of the Master Digital Currency Loan Agreement (MLA) between PureStake Ltd (Lender) and Three Arrows Capital Ltd (Borrower), dated 2021-10-27.

We exercised our open-term loan call option via email on June 15th as outlined in the MLA II (c)(ii). Under the terms of the MLA, the repayment must occur within 2 business days.

Three Arrows Capital is currently in default of its repayment obligation. We are requesting your response acknowledging the receipt of our repayment demand and information on when Three Arrows Capital is expected to fulfill its repayment obligations.

Best regards,

Stefan Mehlhorn
COO, PureStake
+1 (978) 540-0540

This e-mail may contain information that is confidential or protected from disclosure. If you are not an intended recipient of this e-mail, please delete and do not duplicate or redistribute it. Unless specifically indicated, this e-mail is not an offer nor a solicitation to buy or sell any securities, investment products or other financial product or service, an official confirmation of any transaction, nor an official statement of Three Arrows Capital Pte. Ltd. Please note that we reserve the right to review content of emails and instant messages passing through our IT systems. Calls may be recorded for quality and monitoring purposes. Please refer to our website at www.threearrowscap.com for any further Terms and Conditions

SQUIRE PATTON BOGGS

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Singapore 018989

Unique Entity No. : T12LL0566C

O +65 6922 8668
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squirepattonboggs.com

Chris Swart
T +65 6922 7875
chris.swart@squirepb.com

23 June 2022

BY EMAIL

To: Solitaire LLP
11 Beach Road #05-02
Singapore 189675
Attention: Nichol Yeo
Email: nicholyeo@solitairellp.com

CC: Three Arrows Capital Ltd
7 Temasek Boulevard #21-04
Singapore, Singapore 038987
Attention: Su Zhu
Email: operations@threearrowscap.com

Dear Solitaire LLP

Banton Overseas Limited – Demand for Payment

We act for Banton Overseas Limited ("**Banton**" or "**our Client**"). Mr Kyle Davies of Three Arrows Capital Ltd ("**Three Arrows Capital**") has advised that you are legal counsel for Three Arrows Capital and are instructed to receive communications on its behalf.

As you know, Banton and Three Arrows Capital entered into a Master Loan Agreement dated 22 February 2022 ("**Loan Agreement**") under which Banton agreed to lend Three Arrows Capital digital assets comprising 150 BTC and 387 ETH ("**Loan**").

In accordance with the terms of the Loan Agreement, Banton advanced the Loan to Three Arrows Capital on 22 February 2022.

The material terms of the Loan are set out in the Loan Agreement, and in particular the Loan Term Sheet appended at Exhibit B.[1] The Loan Term Sheet states *inter alia* that the:

a) Loan Type is an 'Open Ended Loan';

b) Loan Term is "*Open Ended. Lender reserves right to redeem loaned asset at any time by giving Borrower 3 business days notice"*; and

c) Loan Fee is 4%.

As such, Banton had an option to redeem the Loan in full, and at any time, subject to providing 3 business days' notice to Three Arrows Capital.

On 16 June 2022 at 14:13hrs BST, Mr Wingfield sent a formal Redemption Notice ("**Redemption Notice**") signed by Banton to Three Arrows Capital requiring transfer by close of business on 21 June 2022. No such payment was made by 21 June 2022 or at all, and our clients accordingly served a Notice of Default on Three Arrows Capital on that day (as attached).

Accordingly, we are instructed to and do hereby demand that you make payment of the following sums ("**Owed Sums**"):

a) The Loan (i.e. 150 BTC and 387 ETH);

b) All accrued interest on the Loan; and

c) All fees accruing under the Loan Agreement including any Late Fees and Loan Fees, as defined in the Loan Agreement.

Please confirm that payment of the Owed Sums will be made to the BTC and ERC-20 addresses as set out in the Notice of Redemption immediately, failing which we shall take such worldwide steps as are necessary to recover the loan, including the commencement of legal proceedings.

All of our Client's rights are fully reserved.

Yours faithfully

Squire Patton Boggs

Chris Swart
Partner
Squire Patton Boggs Singapore LLP

[1] As set out at section II(b) of the Loan Agreement: "*The specific and final terms of a Loan shall be memorialized using the Loan Term Sheet. In the event of a conflict of terms between this Master Loan Agreement and a Loan Term Sheet, the terms in the Loan Term Sheet shall govern."*

To: **THREE ARROWS CAPITAL LTD** ("Three Arrows Capital" or "**Borrower**"), a corporation organized and existing under the laws of British Virgin Islands, with registered address at ABM Corporate Services Ltd, ABM Chambers, PO Box 2283 Road Town, Tortola BVI VG1110.

From: **BANTON OVERSEAS LIMITED** ("Banton Overseas" or "**Lender**"), a corporation with registered address at 3rd Floor Yamfaj Building, Market Square, Road Town, British Virgin Islands.

Date: _16_ June 2022

Dear Sirs,

NOTICE OF REDEMPTION – LOANED ASSETS BTC AND ETH

Reference is made to the Master Loan Agreement entered into between the Borrower and the Lender on February 22, 2022 (the ***Master Loan Agreement***). Capitalised terms in this notice have the meaning ascribed to them in the Master Loan Agreement, unless otherwise defined.

In accordance with the terms of the Master Loan Agreement and Exhibit B, the Lender hereby gives notice to the Borrower that it wishes to exercise its right to fully redeem the loaned assets in accordance with the *Loan Term: Open Ended* specified for:

Loaned Asset Type: BTC

Lender BTC Address for Redemption: bc1q3ngws8j7gwr6dyheaqq6rwxgyh67y4tmvt3hj9

Loaned Asset Type: ETH

Lender ETH (ERC-20) Address for Redemption: 0x3a0cf7292c7eb74b766bb9da557763641c7e2feb

We refer you to the 3 Business Days' notice to redeem the Loaned Asset and accordingly, we expect transfer by Tuesday 21 June 2022. Please could you kindly acknowledge receipt of this notice and confirm the completed transfer of the Loaned Assets.

Except as otherwise provided in this notice, the Master Loan Agreement remains in full force and effect. The Lender reserves its right to take any action to enforce its rights or remedies available under the Master Loan Agreement and any applicable law.

Signed by the LENDER

BANTON OVERSEAS LIMITED

By: _____

Name: Natalia Bryantseva
Title: Director
Date: 16 June 2022

ACKNOWLEDGED by the BORROWER

By: _____

Name:
Title:
Date: _____ June 2022

To: **THREE ARROWS CAPITAL LTD** ("Three Arrows Capital" or "**Borrower**"), a corporation organized and existing under the laws of British Virgin Islands, with registered address at ABM Corporate Services Ltd, ABM Chambers, PO Box 2283 Road Town, Tortola BVI VG1110.

From: **BANTON OVERSEAS LIMITED** ("Banton Overseas" or "**Lender**"), a corporation with registered address at 3rd Floor Yamfaj Building, Market Square, Road Town, British Virgin Islands.

Date: 21 June 2022

Dear Sirs,

NOTICE OF DEFAULT – MASTER LOAN AGREEMENT

Reference is made to the Master Loan Agreement entered into between the Borrower and the Lender on 22 February 2022 (the ***Master Loan Agreement***). Capitalised terms in this notice have the meaning ascribed to them in the Master Loan Agreement, unless otherwise defined.

Reference is also made to the Notice of Redemption sent to the Borrower on 16 June 2022, whereby the Lender gave notice that it would exercise its right to redeem all of the Loaned Asset by Tuesday 21 June 2022. We note that such redemption did not occur by the relevant date.

In accordance with terms of the Master Loan Agreement, and the failure of the Borrower to perform its obligations including the failure to transfer the Loaned Assets as requested constitutes an Event of Default and the Lender hereby gives notice to terminate the Master Loan Agreement and any Loan and the Borrower Amount and the amount of any Borrowing Fee then outstanding hereunder shall automatically become immediately due and payable.

The Lender reserves its right to take any other action to enforce its rights or remedies available under the Master Loan Agreement and any applicable law, or in equity.

Signed by the LENDER

BANTON OVERSEAS LIMITED

By: _____

Name: Natalia Bryantseva
Title: Director

MASTER LOAN AGREEMENT

This Master Loan Agreement ("Agreement") is made on this 22-Feb-2022 ("Effective Date") by and between Banton Overseas Limited ("Banton Overseas or "Lender"), a corporation, with registered address at 3rd Floor Yamfaj Building, Market Square, Road Town, British Virgin Islands, and Three Arrows Capital Ltd ("Three Arrows Capital" or "Borrower") a corporation organized and existing under the laws of British Virgin Islands, with registered address at ABM Corporate Services Ltd, ABM Chambers, PO Box 2283, Road Town, Tortola, BVI, VG1110.

RECITALS

WHEREAS, subject to the terms and conditions of this Agreement, Borrower may, from time to time, seek to initiate a transaction pursuant to which Lender will lend U.S. Dollars or Digital Currency to Borrower, and Borrower will return such U.S. Dollars or Digital Currency to Lender upon the termination of the Loan; and

Now, therefore, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which hereby acknowledged, the Borrower and the Lender hereby agree as follows:

I. Definitions

"***Airdrop"*** means a distribution of a new token or tokens resulting from the ownership of a preexisting token. For the purposes of Section V, an "***Applicable Airdrop***" is an Airdrop for which the distribution of new tokens can be definitively calculated according to its distribution method, such as a pro rata distribution based on the amount of the relevant Digital Currency held at a specified time. A "***Non-Applicable Airdrop***" is an Airdrop for which the distribution of new tokens cannot be definitively calculated, such as a random distribution, a distribution to every wallet of the relevant Digital Currency, or a distribution that depends on a wallet of the relevant Digital Currency meeting a threshold requirement.
"***Authorized Agent***" has the meaning set forth in Exhibit A.
"***Borrower***" means Three Arrows Capital
"***Borrowed Amount***" refers to the value of the Loaned Assets in U.S. dollars on the Loan Effective Date.
"***Borrower Email***" means operations@threearrowscap.com
"***Business Day***" means a day on which Three Arrows Capital is open for business, following the Singapore Stock Exchange calendar of holidays.
"***Business Hours***" means between the hours of 9:00 am to 5:00 pm Singapore time on a Business Day.
"***Call Option***" means Lender has the option to demand immediate payment of a portion or the entirety of the Loan Balance at any time, subject to this Agreement.
"Close of Business" means 5:00 pm Singapore time.
"***Demand Loan***" means a Loan without a Maturity Date where the Lender has a Call Option.
"***Digital Currency***" means Bitcoin (BTC), Ether (ETH), or Litecoin (LTC), or any digital currency that the Borrower and Lender agree upon.

"***Digital Currency Address***" means an identifier of 26-34 alphanumeric characters that represents a digital identity or destination for a transfer of Digital Currency.
"Fixed Term Loan" means a Loan with a pre-determined Maturity Date, where Borrower does not have a Prepayment Option and Lender does not have a Call Option.
"***Hard Fork"*** means a permanent divergence in the block chain (e.g. when non-upgraded nodes cannot validate blocks created by upgraded nodes that follow newer consensus rules, or an airdrop or any other event which results in the creation of a new token).
"***Lender***" means Banton Overseas Limited.
"***Loan***" means a request for a loan or an actual loan of Digital Currency or U.S. Dollars made pursuant to and in accordance with this Agreement and a Loan Term Sheet.
"***Loan Balance***" means the sum of all outstanding amounts of Loaned Asset, Loan Fees, Late Fees, and any Earlier Termination Fee for a particular Loan.
"***Loan Documents***" means this Master Loan Agreement and any and all Loan Term Sheets entered into between Lender and Borrower.
"***Loan Effective Date***" means the date upon which a Loan begins.
"***Loan Fee***" means the fee paid by Borrower to the Lender for the Loan.
"***Loan Term Sheet***" means the agreement between the Lender and the Borrower on the particular terms of an individual Loan, which shall be memorialized in an agreement set forth in Exhibit B or supplemented or amended by the Lender by written notice to the Borrower and apply from the date stipulated in any further exhibits provided by the Lender (in the form of Exhibit B).
"***Loaned Assets***" means any Digital Currency or U.S. Dollar amount transferred in a Loan hereunder until such Digital Currency (or identical Digital Currency) or U.S. Dollar amount is transferred back to Lender hereunder. For purposes of return of Loaned Digital Currency by Borrower or purchase or sale of Digital Currencies pursuant to Section IX, such term shall include Digital Currency of the same quantity and type as the Digital Currency.
"***Maturity Date***" means the pre-determined future date upon which a Loan becomes due in full.
"***Open Loan***" means a Loan without a Maturity Date where Borrower has a Prepayment Option and Lender has a Call Option.
"***Prepayment Option***" means the Borrower has the option to repay or return the Loaned Assets prior to the Maturity Date, subject to this Agreement.
"***Term***" means the period from the Loan Effective Date through Termination Date.
"***Term Loan with Call Option***" means a Loan with a pre-determined Maturity Date where Lender has a Call Option.
"***Term Loan with Prepayment Option***" means a Loan with a pre-determined Maturity Date where Borrower has a Prepayment Option.
"***Term Loan with Call and Prepayment Options***" means a Loan with a pre-determined Maturity Date where Borrower has a Prepayment Option and Lender has a Call Option.
"***Termination Date***" means the date upon which a Loan is terminated.

II. General Loan Terms.

(a) Loans of Digital Currency or U.S. Dollars

Subject to the terms and conditions hereof, Borrower may, in its sole and absolute discretion, request from the Lender a Loan to Borrower of a specified amount of Digital Currency or U.S. Dollars, and Lender may, in its sole and absolute discretion, extend such Loan or decline

to extend such Loan on terms acceptable to Lender and as set forth in a corresponding Loan Term Sheet.

(b) Loan Procedure

From time to time during the Term of this Agreement, during the hours of 9:00 am Singapore time to 4:00 pm Singapore time on a Business Day (the "Request Day"), by email directed to henry.w@eastlinklanker.com (or such other address as Lender may specify in writing), an Authorized Agent of Borrower may request from Lender a Loan of a specific amount of Digital Currency or U.S. Dollars (a "Lending Request"). Provided Lender receives such Lending Request prior to 3:00 pm Singapore time, Lender shall by email directed to Borrower Email (or such other address as Lender may specify in writing) to inform Borrower whether Lender agrees to make such a Loan. If Lender fails to provide Borrower with an acceptance as to a particular Lending Request prior to Close of Business on the Request Day, such Lending Request shall be deemed to have be denied by Lender.

As part of its Lending Request, Borrower shall provide the following proposed terms:

(i) Whether U.S. Dollars or Digital Currency, and if Digital Currency, the type of Digital Currency;

(ii) the amount of Digital Currency or U.S. Dollars;

(iii) whether the Loan is to be a Fixed Term Loan, a Term Loan with Prepayment Option, or an Open Loan;

(iv) the Loan Effective Date;

(v) the Maturity Date (if a Fixed Term Loan or a Term Loan with Prepayment Option).

If Lender agrees to make a Loan, Lender shall commence transmission to either (x) the Borrower's Digital Currency Address the amount of Digital Currency; or (y) Borrower's bank account by bank wire the amount of U.S. Dollars, as applicable, as such Digital Currency Address or bank wire instruction is set forth in the Lending Request on or before Close of Business on the Request Day.

The specific and final terms of a Loan shall be memorialized using the Loan Term Sheet. In the event of a conflict of terms between this Master Loan Agreement and a Loan Term Sheet, the terms in the Loan Term Sheet shall govern.

(c) Loan Repayment Procedure

(i) Loan Repayment

Unless otherwise specified in subsections (ii) and (iii) below, upon the earlier of the Maturity Date, the Recall Delivery Day, or the Redelivery Day (as

defined below) for a Loan, Borrower shall repay the entirety of the Loan Balance to Lender by Close of Business.

(ii) Call Option

For Loans in which the Lender has a Call Option (e.g. Open Loans, etc.), Lender may during Business Hours (the "Recall Request Day") demand repayment of a portion or the entirety of the Loan Balance (the "Recall Amount"). Lender will notify Borrower of Lender's exercising of this right by email to Borrower's Email. Borrower will then have until Close of Business on the second Business Day after the Recall Request Day (the "Recall Delivery Day") to deliver the Recall Amount.

In the event of a Call Option where Lender demands only a portion of the Loan Balance, Borrower shall repay said portion of the Loan Balance on the Recall Day and the remaining portion of the Loan Balance on the earlier of the Maturity Date or the subsequent Recall Delivery Day.

(iii) Prepayment Option

For Loans in which Borrower has a Prepayment Option (e.g. Open Loans, Term Loans with Prepayment Option, etc.), Borrower may notify Lender during Business Hours of Borrower's intent to return the Loan prior maturity or Lender's exercising of its Call Option without being subject to Early Termination Fees as set forth in Section III(d). Borrower shall provide said notice at least two Business Days prior to the date on which the Borrower will repay all or a portion of the Loan Balance (said later date, the "Redelivery Date"). Borrower's exercising of its Prepayment Option shall not relieve it of any of its obligations herein, including without limitation its payment of owed Loan Fees and Late Fees.

In the event of a Prepayment Option where the Borrower repays only a portion of the Loan Balance, Borrower shall repay said portion of the Loan Balance on the Redelivery Day and the remaining portion of the Loan Balance on the earlier of the Maturity Date, Recall Day, or subsequent Redelivery Day.

(d) Termination of Loan

Loans will terminate upon the earlier of:

(i) the Maturity Date;

(ii) the repayment of the Loan Balance by Borrower prior to the Maturity Date;

(iii) Upon an Event of Default as defined in Section VII; however, Lender shall have the right in its sole discretion to suspend the termination of a Loan under this subsection (iii) and reinstitute the Loan. In the event of reinstitution of the Loan pursuant to the preceding sentence, Lender does not waive its right to terminate the Loan hereunder.

Nothing in the forgoing shall cause, limit, or otherwise affect the Term and termination of this Agreement except as specified in Section XXIV.

III. Loan Fees and Transaction Fees.

(a) Loan Fee

Unless otherwise agreed, Borrower agrees to pay Lender a Loan Fee on each Loan. When a Loan is executed, the Borrower will be responsible to pay the Loan Fee as agreed to herein and in the relevant Loan Term Sheet, annualized and subject to change if thereafter agreed by Borrower and Lender. Except as Borrower and Lender may otherwise agree, Loan Fees shall accrue from and include the date on which the Loaned Assets are transferred to Borrower to the date on which such Loaned Assets are repaid in their entirety to Lender.

Lender shall calculate any Loan Fees owed on a daily basis and provide Borrower with the calculation upon request. The Loan Fee will be calculated off all outstanding portions of the Loaned Assets.

(b) Late Fee

For each Calendar Day in excess of the Maturity Date or the Recall Delivery Day (whichever is applicable) in which Borrower has not returned the entirety of the Loaned Assets or failed to timely pay any outstanding Loan Fee in accordance with section III(c), Borrower shall incur an additional fee (the "Late Fee") of a 10% (annualized, calculated daily) increase on top of the Loan Fee.

(c) Payment of Loan Fees and Late Fees

Unless otherwise agreed, any Loan Fee or Late Fees payable hereunder shall be paid by Borrower upon the earlier of (i) five (5) Business Days after receipt of an invoice from Lender or (ii) the termination of all Loans hereunder (the "Payment Due Date"). An invoice for Loan Fees and any Late Fees (the "Invoice Amount") shall be sent out on the first Business Day of the month and shall include any Loan Fees, Late Fees, and Early Termination Fees incurred during the previous month. Borrower shall have up to five Business Days from sending of said Invoice to pay the Invoice Amount. Failure of Lender to timely send an invoice in accordance with the preceding sentence shall not relieve Borrower of its obligation to pay any Loan Fees, Late Fees, and Early Termination Fees owed herein nor negate any Event of Default resulting from Borrower's failure to timely pay such fees. The Loan Fee, Late Fees, and Early Termination Fees shall be payable, unless otherwise agreed by the Borrower and Lender, in the same asset that was Borrowed, whether U.S. Dollars or Digital Currency on the same blockchain and of the same type that was loaned by the Lender during the Loan.

Notwithstanding the foregoing, in all cases, all Loan Fees, Late Fees, and Early Termination Fees shall be payable by Borrower immediately upon the occurrence of an Event of Default hereunder by Borrower.

(d) Early Termination Fees

For Fixed Term Loans and Term Loans with Call Options, if Borrower returns the Loaned Assets prior to the Maturity Date, Borrower shall pay to Lender an "Early Termination Fee" equal to thirty percent (30%) of the Loan Fee that would have accrued from the date of the repayment until the Maturity Date of the Loan. The Early Termination Fee is due with the repayment of the Loaned Assets. The Early Termination Fee shall not apply if Borrower returns the Loaned Assets to Lender in the event of a Hard Fork (as defined in Section V) for the purposes of allowing Lender to split the tokens in accordance with Section V (h).

(e) Taxes and Fees

All transfer or other taxes or third party fees payable with respect to the transfer, repayment, and/or return of any Loaned Assets hereunder shall be paid by Borrower.

IV. Collateral Requirements

INTENTIONALLY LEFT BLANK. NOT USED.

V. Hard Fork

(a) Notification

In the event of a public announcement of a future Hard Fork or an Airdrop in the blockchain for any Loaned Digital Currency, the parties shall notify each other of such event and agree the process to manage.

(b) No Immediate Termination of Loans Due to Hard Fork

In the event of a Hard Fork in the blockchain for any Loaned Assets or an Airdrop, any outstanding Loans will not be immediately terminated. Borrower and Lender may agree, regardless of Loan type, for Lender to manage the Hard Fork on the behalf of Borrower through Borrower returning the Loaned Assets to Lender two business days prior to the scheduled Hard Fork or Airdrop. Lender shall not be obligated to return any collateral (if any provided) to the Borrower during the period in which Lender manages the Loaned Assets on the behalf of Borrower. Lender shall fork the Loaned Assets, and following the Hard Fork shall return to Borrower the Loaned Assets but not the New Tokens (as defined below). For any whole days in which Lender manages the Loan Digital Currency pursuant to this section, the Loan Fee for those days shall not accrue. Nothing herein shall relieve, waive, or otherwise satisfy Borrower's obligations hereunder, including without limitation, the return of the Loaned Assets at the termination of the Loan and payment of accrued Loan Fees, which includes the per diem amounts for days on which Borrower transfers Digital Currency to Lender and Lender transfers said Digital Currency back to Borrower pursuant to this section.

(c) Lender's Right to New Tokens

Lender will receive the benefit and ownership of any incremental tokens generated as a result of a Hard Fork in the Digital Currency protocol or an Applicable Airdrop (the "New Tokens") if any two of the following four conditions are met:

• *Hash Power*: the average hash power mining the New Token on the 30th day following the occurrence of the Hard Fork or Applicable Airdrop (calculated as a 30-day average on such date) is at least 5% of the hash power mining the Loaned Assets on the day preceding the Hard Fork or Applicable Airdrop (calculated as a 3-day average of the 3 days preceding the Hard Fork).
• *Market Capitalization*: the average market capitalization of the New Token (defined as the total value of all New Tokens) on the 30th day following the occurrence the Hard Fork or Applicable Airdrop (calculated as a 30-day average on such date) is at least 5% of the average market capitalization of the Loaned Assets (defined as the total value of the Loaned Assets) (calculated as a 30-day average on such date).
• *24-Hour Trading Volume*: the average 24-hour trading volume of the New Token on the 30th day following the occurrence the Hard Fork or Applicable Airdrop (calculated as a 30-day average on such date) is at least 1% of the average 24-hour trading volume of the Loaned Assets (calculated as a 30-day average on such date).
• *Wallet Compatibility*: the New Token is supported by either BitGo wallets or Ledger wallets within 30 days of the Hard Fork or Applicable Airdrop.

For the above calculations, the source for the relevant data on the Digital Currency hash power, market capitalization, and 24-Hour trading volume will be blockchain.info (or, if blockchain.info does not provide the required information, bitinfocharts.com, and if neither provides the required information, the parties shall discuss in good faith to mutually agree upon another data source) and the source for the hash power of the New Token will be bitinfocharts.com (or, if bitinfocharts.com does not provide the required information, the parties shall discuss in good faith to mutually agree upon another data source prior to the 30-day mark of the creation of the New Token).

If the Hard Fork or Applicable Airdrop meets the criteria above, Borrower will have up to 60 days from the Hard Fork or Applicable Airdrop to transfer the New Tokens to Lender. If sending the New Tokens to Lender is prohibitively burdensome, upon Lender's agreement with Borrower, Borrower can reimburse Lender for the value of the New Tokens with any combination of a one-time payment in the same Loan Digital Currency transferred as a part of the Loan reflecting the amount of the New Tokens owed using the agreed upon spot rate at the time of said repayment or returning the borrowed Digital Currency so that Lender can manage the split of the underlying digital tokens as described in subsection (b) above.. Alternatively, subject to Lender's written agreement, the parties may agree to other methods of making Lender whole for Borrower's failure to transfer New Tokens to Lender. In all cases, Borrower will be solely responsible for payment of additional costs incurred by such transfer methods, including but not limited to technical costs, third party fees, and tax obligations for the transaction, including but not limited to a tax gross-up payment. For the avoidance of doubt, if Borrower returns a Loan to Lender prior to the 30th day following a Hard Fork, Borrower's obligations under this Section V shall continue for any New Tokens

that meet the criteria in this subsection (c) for such Loan on the 30th day following the Hard Fork. Lender's rights to New Tokens as set forth in this Section shall survive the termination of the relevant Loan, return of the Loaned Assets, and termination of this Agreement.

VI. Representations and Warranties.

The parties to this Agreement hereby make the following representations and warranties, which shall continue during the term of this Agreement and any Loan hereunder:

(a) Each party hereto represents and warrants that (a) it has the power to execute and deliver this Agreement, to enter into the Loans contemplated hereby and to perform its obligations hereunder, (b) it has taken all necessary action to authorize such execution, delivery and performance, and (c) this Agreement constitutes a legal, valid, and binding obligation enforceable against it in accordance with its terms.

(b) Each party hereto represents and warrants that it has not relied on the other for any tax or accounting advice concerning this Agreement and that it has made its own determination as to the tax and accounting treatment of any Loan , any Digital Currency or funds received or provided hereunder.

(c) Each party hereto represents and warrants that it is acting for its own account.

(d) Each party hereto represents and warrants that it is a sophisticated party and fully familiar with the inherent risks involved in the transaction contemplated in this Agreement, including, without limitation, risk of new financial regulatory requirements, potential loss of money and risks due to volatility of the price of the Loaned Assets, and voluntarily takes full responsibility for any risk to that effect.

(e) Each party represents and warrants that it is not insolvent and is not subject to any bankruptcy or insolvency proceedings under any applicable laws

(f) Each party represents and warrants there is no proceedings pending or, to its knowledge, threatened, which could reasonably be anticipated to have any adverse effect on the transactions contemplated by this Agreement or the accuracy of the representations and warranties hereunder or thereunder.

(g) Each party represents and warrants that to its knowledge the transactions contemplated in this Agreement are not prohibited by law or other authority in the jurisdiction of its place of incorporation, place of principal office, or residence and that it has necessary licenses and registrations to operate in the manner contemplated in this Agreement.

(h) Lender represents and warrants that it has, or will have at the time of transfer of any Assets, the right to transfer such Loaned Assets subject to the terms and conditions hereof, and that it owns the Loaned Assets, free and clear of all liens.

(i) Borrower represents and warrants that it has, or will have at the time of transfer of any Loaned Assets, the right to transfer such Loaned Assets subject to the terms and conditions

hereof, and, free and clear of all liens and encumbrances other than those arising under this Agreement.

VII. Covenants

Promptly upon (and in any event within seven (7) Business Days after) the execution of this Agreement, Borrower shall furnish Lender with Borrower's most recent audited annual and (if applicable) quarterly financial statements and any other financial statements mutually agreed upon by Borrower and Lender. For each successive year, Borrower shall also furnish Lender with Borrower's future audited annual financial statements by Borrower's fiscal year end or within seven (7) Business Days thereof.

VIII. Default

It is further understood that any of the following events shall constitute an event of default hereunder, and shall be herein referred to as an "Event of Default" or "Events of Default":

(a) the failure of the Borrower to return any and all Loaned Assets upon termination of the Loan;

(b) the failure of Borrower to pay any and all Loan Fees, Late Fees, or Early Termination Fees when due hereunder; however, Borrower shall have ten days to cure such default;

(c) a material default in the performance of any of the other agreements, conditions, covenants, provisions or stipulations contained in this Agreement, including without limitation a failure by Borrower to abide by its obligations in Section V of this Agreement and Borrower's failure to cure said material default within ten days;

(d) any bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings for the relief of debtors or dissolution proceedings shall be instituted by or against the Borrower and shall not be dismissed within thirty (30) days of their initiation;

(e) any event or circumstance occurs or exists that is a material adverse effect on the business, operations, prospects, property, assets, liabilities or financial condition of, such party, taken as a whole, or a material adverse effect on the ability of Borrower to perform its obligations under the Loan Documents, including but not limited to the ability to return, transfer, repay, or pay any and all Loaned Assets, Loan Fees, and Late Fees.

(f) Borrower causes or permits any partner, member or other equity interest holder in Borrower to, directly or indirectly, transfer, convey, assign, mortgage, pledge, hypothecate, alienate or lease the partnership interest, membership interest or other equity interest of such partner, member, other equity interest holder in Borrower without Lender's prior written consent. Notwithstanding the foregoing, the Lender shall not unreasonably withhold such

consent for transfers of membership interests for purposes of estate planning which do not result in a change of control of the Borrower.

(g) any representation or warranty made in any of the Loan Documents proves to be incorrect or untrue in any material respect as of the date of making or deemed making thereof; and

(h) either party notifies the other of its inability to or its intention not to perform its obligations hereunder or otherwise disaffirms, rejects, or repudiates any of its obligations hereunder.

IX. Remedies

(a) Upon the occurrence and during the continuation of any Event of Default, the Lender may, at its option: (1) declare the entire Loan Balance outstanding for any Loan hereunder immediately due and payable; (2) terminate this Agreement and any Loan upon notice to Borrower; (3) purchase on Lender's own account a like amount of Loaned Assets in a relevant market for such Digital Currency; (5) exercise its rights under Section XVI herein; and (6) exercise all other rights and remedies available to the Lender hereunder, under applicable law, or in equity; provided, that upon any Event of Default pursuant to Section VIII the Borrowed Amount and the amount of any Borrowing Fee then outstanding hereunder shall automatically become and be immediately due and payable.

(b) On the occurrence of any Event of Default under Sections VIII, this Agreement and all Loans made pursuant to this Agreement shall be terminated immediately and become due and payable.

(c) To the extent that the Loans are now or hereafter secured by property other than the Collateral, or by the guarantee, endorsement or property of any other person, then Lender shall have the right in its sole discretion to determine which rights, security, liens, security interests or remedies Lender shall at any time pursue, relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of them or any of Lender's rights hereunder.

(d) In connection with the exercise of its remedies pursuant to this Section IX, Lender may (i) exchange, enforce, waive or release any portion of the Loans in favor of the Lender or relating to any other security for the Loans; (ii) apply such security and direct the order or manner of sale thereof as the Lender may, from time to time, determine; and (iii) settle, compromise, collect or otherwise liquidate any such security in any manner following the occurrence of an Event of Default, without affecting or impairing the Lender's right to take any other further action with respect to any security or any part thereof.

(e) In addition to its rights hereunder, the non-defaulting party shall have any rights otherwise available to it under any other agreement or applicable law.

X. Rights and Remedies Cumulative.

No delay or omission by the Lender in exercising any right or remedy hereunder shall operate as a waiver of the future exercise of that right or remedy or of any other rights or remedies hereunder. All rights of the Lender stated herein are cumulative and in addition to all other rights provided by law, in equity.

XI. Survival of Rights and Remedies

All remedies hereunder and all obligations with respect to any Loan shall survive the termination of the relevant Loan, return of Loaned Assets and termination of this Agreement.

XII. Collection Costs.

In the event Borrower fails to pay any amounts due or to return any Digital Currency or upon the occurrence of any Event of Default in Section VIII hereunder, Borrower shall, upon demand, pay to Lender all reasonable costs and expenses, including without limitation, reasonable attorneys' fees and court costs, broker fees, and technology costs incurred by the Lender in connection with the enforcement of its rights hereunder.

XIII. Governing Law; Dispute Resolution.

This Agreement is governed by, and shall be construed and enforced under, the laws of Singapore without regard to any choice or conflict of laws rules. If a dispute arises out of or relates to this Agreement, or the breach thereof, and if said dispute cannot be settled through negotiation it shall be finally resolved by arbitration administered in Singapore. The parties agree to waive their rights to a jury trial. If any proceeding is brought for the enforcement of this Agreement, then the successful or prevailing party shall be entitled to recover attorneys' fees and other costs incurred in such proceeding in addition to any other relief to which it may be entitled.

XIV. Notices.

Unless otherwise provided in this Agreement, all notices or demands relating to this Agreement shall be in writing and shall be personally delivered or sent by Express or certified mail (postage prepaid, return receipt requested), overnight courier, electronic mail (at such email addresses as a party may designate in accordance herewith), or to the respective address set forth below:

Borrower:
Three Arrows Capital Ltd
7 Temasek Boulevard #21-04
Singapore, Singapore 038987
Attn: Su Zhu
Email: operations@threearrowscap.com

Lender:
Banton Overseas Limited

10 Manchester Square, London
W1U 3NL
United Kingdom
Attention: Henry Wingfield
Email: henry.w@eastlinklanker.com

Either party may change its address by giving the other party written notice of its new address as herein provided.

XV. Modifications.

All modifications or amendments to this Agreement shall be effective only when reduced to writing and signed by both parties hereto.

XVI. Single Agreement

Borrower and Lender acknowledge that, and have entered into this Agreement in reliance on the fact that, all Loans hereunder constitute a single business and contractual relationship and have been entered into in consideration of each other. Accordingly, Borrower and Lender hereby agree that payments, deliveries, and other transfers made by either of them in respect of any Loan shall be deemed to have been made in consideration of payments, deliveries, and other transfers in respect of any other Loan hereunder, and the obligations to make any such payments, deliveries and other transfers may be applied against each other and netted. In addition, Borrower and Lender acknowledge that, and have entered into this Agreement in reliance on the fact that, all Loans hereunder have been entered into in consideration of each other. Accordingly, Borrower and Lender hereby agree that (a) each shall perform all of its obligations in respect of each Loan hereunder, and that a default in the performance of any such obligation by Borrower or by Lender (the "Defaulting Party") in any Loan hereunder shall constitute a default by the Defaulting Party under all such Loans hereunder, and (b) the non-defaulting party shall be entitled to set off claims and apply property held by it in respect of any Loan hereunder against obligations owing to it in respect of any other Loan with the Defaulting Party.

XVII. Entire Agreement.

This Agreement, each exhibit referenced herein, and all Loan Term Sheets constitute the entire Agreement among the parties with respect to the subject matter hereof and supersedes any prior negotiations, understandings and agreements. Nothing in this Section XVII shall be construed to conflict with or negate Section XVI above.

XVIII. Successors and Assigns.

This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties; provided, that Borrower may not assign this Agreement or any rights or duties hereunder without the prior written consent of the Lender (such consent to not be unreasonably withheld). Lender may assign this Agreement or any rights or duties hereunder upon notice to Borrower.

Notwithstanding the foregoing, in the event of a change of control of Lender, prior written consent shall not be required so Lender provides Borrower with written notice prior to the consummation of such change of control. However, in the event of a change of control of Borrower, the prior written consent of Lender shall be required. For purposes of the foregoing, a "change of control" shall mean a transaction or series of related transactions in which a person or entity, or a group of affiliated (or otherwise related) persons or entities acquires from stockholders of the party shares representing more than fifty percent (50%) of the outstanding voting stock of such party.

XIX. Severability of Provisions.

Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

XX. Counterpart Execution.

This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by email or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by email or other electronic method of transmission also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

XXI. Relationship of Parties.

Nothing contained in this Agreement shall be deemed or construed by the parties, or by any third party, to create the relationship of partnership or joint venture between the parties hereto, it being understood and agreed that no provision contained herein shall be deemed to create any relationship between the parties hereto other than the relationship of Borrower and Lender.

XXII. No Waiver.

The failure of or delay by Lender to enforce an obligation or exercise a right or remedy under any provision of this Agreement or to exercise any election in this Agreement shall not be construed as a waiver of such provision, and the waiver of a particular obligation in one circumstance will not prevent Lender from subsequently requiring compliance with the obligation or exercising the right or remedy in the future. No waiver or modification by either party of any provision of this Agreement shall be deemed to have been made unless expressed in writing and signed by both parties.

XXIII. Indemnification.

The parties shall indemnify and hold harmless each other from and against any and all claims, demands, losses, expenses and liabilities of any and every nature (including attorneys' fees of an attorney of a party choosing to defend against any such claims, demands, losses, expenses and liabilities) that a party may sustain or incur or that may be asserted against the other arising out of this Loan Agreement , except for any and all claims, demands, losses, expenses and liabilities arising out of or relating to a party's bad faith, gross negligence or willful misconduct in the performance of its duties under this Agreement. This indemnity shall be a continuing obligation of the parties, its successors and assigns, notwithstanding the termination of this Agreement.

XXIV. Term and Termination.

The Term of this Agreement shall commence on the date hereof for a period of one year, and shall automatically renew for successive one-year terms annually, unless either party provides written notice of a desire to terminate the contract no less than ten (10) days prior to the end of such one-year period. The foregoing notwithstanding, this Agreement may be terminated as set forth in Section VIII or upon 30 days' notice by either party to the other.
In the event of a termination of this Agreement, any Loaned Assets shall be redelivered immediately and any fees owed shall be payable immediately.

XXV. Miscellaneous.

Whenever used herein, the singular number shall include the plural, the plural the singular, and the use of the masculine, feminine, or neuter gender shall include all genders where necessary and appropriate. This Agreement is solely for the benefit of the parties hereto and their respective successors and assigns, and no other Person shall have any right, benefit, priority or interest under, or because of the existence of, this Agreement. The section headings are for convenience only and shall not affect the interpretation or construction of this Agreement. The Parties acknowledge that the Agreement and any Lending Request are the result of negotiation between the Parties which are represented by sophisticated counsel and therefore none of the Agreement's provisions will be construed against the drafter.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the date first above written.

BORROWER:

Three Arrows Capital Ltd

By: DocuSigned by: CBB83E7D3A61408...

Name: Ningxin Zhang
Title: Trader

LENDER:

Banton Overseas Limited

By: DocuSigned by: Natalia Bryantseva 5E4CBBB765C2434...

Name: NATALIA BRYANTSEVA
Title: DIRECTOR

EXHIBIT A

Authorized Agents. The following are authorized to deliver Lending Requests on behalf of Borrower in accordance with Section II hereof:

Name: Ningxin Zhang
Email: nxzhang@threearrowscap.com

Name: Kyle Davies
Email: kyle@threearrowscap.com

Borrower may change its Authorized Agents by notice given to Lender as provided herein.

EXHIBIT B

LOAN TERM SHEET

This loan agreement dated 22-Feb-2022 between Banton Overseas Limited ("Banton Overseas" or "Lender") and Three Arrows Capital Ltd ("Three Arrows Capital" or "Borrower") incorporates all of the terms of the Master Digital Currency Loan Agreement between Lender and Borrower on 22-Feb - 2022 and the following specific terms:

BTC:

Borrower: Three Arrows Capital Ltd
Lender: Banton Overseas Limited
Loaned Asset Type: BTC
Amount of Loaned Asset: 150 BTC
Loan Fee: 4%
Loan Type: Open Ended Loan
Loan Term: Open Ended. Lender reserves right to redeem loaned asset at any time by giving Borrower 3 business days notice.
BTC Address: 1LoJQkoAn7GuXVEavB5CPPwEsN1DSFEJHa

ETH:

Borrower: Three Arrows Capital Ltd
Lender: Banton Overseas Limited
Loaned Asset Type: ETH
Amount of Loaned Asset: 387 ETH
Loan Fee: 4%
Loan Type: Open Ended Loan
Loan Term: Open Ended. Lender reserves right to redeem loaned asset at any time by giving Borrower 3 business days notice.
ETH Address: 0x4862733B5FdDFd35f35ea8CCf08F5045e57388B3

Banton Overseas Ltd

By: DocuSigned by: Natalia Bryantseva 5E4CBBB765C2434...
Name: NATALIA BRYANTSEVA
Title: DIRECTOR

Three Arrows Capital Ltd

By: DocuSigned by: GBB83E7D3A61408...
Name: Ningxin Zhang
Title: Trader

FW: Notice of Default on Collateral Request

780

Kyle Davies <kyle@threearrowscap.com> Fri, Jun 24, 2022 at 2:23 AM
To: "solitaire.cmteam1@gmail.com" <solitaire.cmteam1@gmail.com>

From: Stephen Zautke <stephenzautke2019@u.northwestern.edu>
Sent: Friday, June 24, 2022 2:23:01 AM (UTC+08:00) Beijing, Chongqing, Hong Kong, Urumqi
To: Kyle Davies <kyle@threearrowscap.com>; Nichol Yeo <nicholyeo@solitairellp.com>; TAC Operations <operations@threearrowscap.com>
Cc: Stephen Zautke <szautke@zanbarcapital.com>
Subject: Notice of Default on Collateral Request

To whom it may concern:

I have made repeated requests for the return of my collateral held at 3AC for forward trades which have expired. As a result, 3AC is in default of our Master Trade Agreement. The current unpaid balances are 12.7233 BTC and 109.4143 ETH.

I am giving notice that these unpaid amounts constitute a dispute among the parties and I am initiating the negotiation process called for in Section 7.7b. of the Master Trade Agreement.

Kind regards,
Connor Zautke

_____
This e-mail may contain information that is confidential or protected from disclosure. If you are not an intended recipient of this e-mail, please delete and do not duplicate or redistribute it. Unless specifically indicated, this e-mail is not an offer nor a solicitation to buy or sell any securities, investment products or other financial product or service, an official confirmation of any transaction, nor an official statement of Three Arrows Capital Pte. Ltd. Please note that we reserve the right to review content of emails and instant messages passing through our IT systems. Calls may be recorded for quality and monitoring purposes. Please refer to our website at www.threearrowscap.com for any further Terms and Conditions
_____

Withdrawal of BTC Loan

Kenrick | LuneX <kenrick@lunex.vc> Tue, Jun 14, 2022 at 7:43 PM
To: TAC Operations <operations@threearrowscap.com>, Ningxin Zhang <nxzhang@threearrowscap.com>
Cc: Kyle Davies <kyle@threearrowscap.com>

Hi TAC team,

As per our loan agreement we'd like to call back the Lunex Ventures LP full 88 BTC balance as per the attached statement.

Please transfer to the following:
3HmkshcN8hztAsJEtdAM5ByEhRdHdtwN7w

Thank you,
--

Kenrick Drijkoningen
Founding Partner | **LuneX Ventures**
kenrick@lunex.vc | Twitter
73b Duxton Road | Singapore 228512

Lunex-TACL (1).pdf
23K

CMS Holborn Asia

Three Arrows Capital Ltd
7 Temasek Boulevard
#21-04
Singapore 038987

Attn: Su Zhu

Date 17 June 2022

Email lakshanthi.fernando@cms-cmno.com
weiming.tan@cms-holbornasia.com

Direct Line +65 9648 9008
+65 9636 0156

IMMEDIATE ATTENTION

BY E-MAIL ONLY
(operations@threearrowscap.com;
kyle@threearrowscap.com;
nxzhang@threearrowscap.com**)**

Our Ref: LAFT/MITN/161003.00008
Your Ref: to be advised

Dear Colleagues

DEMAND FOR REPAYMENT UNDER MASTER LOAN AGREEMENT DATED 4 FEBRUARY 2019

1. We act for Lunex Ventures LP ("**our client**") in respect of the above-captioned matter.

2. As you will be aware, you entered into a Master Loan Agreement with our client dated 4 February 2019 ("**MLA**"). Pursuant to the MLA, our client has lent you 82 BTC (the "**Loan Amount**"). As of 31 May 2022, the total amount owed by you to our client pursuant to the MLA was 88.00409901 BTC (the "**May Statement Amount**") and as of today's date (*i.e.* 17 June 2022) the total outstanding loan amount is the May Statement Amount plus all loan fees accrued thereon since 31 May 2022 (the "**Outstanding Loan Amount**"). Our client requested repayment of the loan pursuant to an email sent at 7.43pm (Singapore time) on 14 June 2022. Payment under the loan was due by 5pm on today's date, upon which you have defaulted.

3. To-date, despite demands from our client to you on the repayment of the loan, the Outstanding Loan Amount (plus late fees) remains outstanding.

4. In the premises, our client **HEREBY DEMANDS** that you take the necessary steps to effect repayment in the sum of the Outstanding Loan Amount plus late fees **within three (3) days from the date of this letter**, *i.e.* by no later than **20 June 2022**.

5. **TAKE NOTICE** that unless you comply with our client's demand at paragraph 4 above within the stipulated deadline, our client will not hesitate to take further steps as they deem fit or necessary to recover the sums due and owing to them. This includes but is not limited to commencing legal proceedings against you without further reference.

6. Payment should be made directly to our client's Digital Currency Address set out below:

   3HmkshcN8hztAsJEtdAM5ByEhRdHdtwN7w

7. All our client's rights are fully and expressly reserved. Nothing herein should be construed as a waiver and/or variation of the same.

Yours faithfully,

CMS Cameron McKenna Nabarro Olswang (Singapore) LLP

Cc. Client

Call Option re Lunex Ventures BTC Loan

Kenrick | LuneX <kenrick@lunex.vc> Tue, Jun 21, 2022 at 4:43 PM
To: TAC Operations <operations@threearrowscap.com>
Cc: Ningxin Zhang <nxzhang@threearrowscap.com>, Kyle Davies <kyle@threearrowscap.com>, Michael.Pek@allenovery.com, Matthew NORTCLIFF <matthew.nortcliff@cms-cmno.com>
Bcc: Matt Nortcliff <matthew.nortcliff@gmail.com>

Dear TAC team,

With reference to Section II(c)(ii) of the Master Loan Agreement entered into between Lunex Ventures LP (as lender) and Three Arrows Capital Ltd (as borrower) I am exercising Lunex's Call Option with respect to the full Loan Balance, as shown in the attached statement (plus any accrued Loan Fees incurred since 1 June 2022 to date).

Please transfer to the following:

3HmkshcN8hztAsJEtdAM5ByEhRdHdtwN7w

In accordance with Section XIV of the Master Loan Agreement please direct all future communications with respect to the Master Loan Agreement to kenrick@lunex.vc

Thank you

--

Kenrick Drijkoningen
Founding Partner | **LuneX Ventures**

Lunex-TACL (2).pdf
23K

Recall of BTC Loan

Kenrick Drijkoningen <k.drijkoningen@gmail.com> 14 June 2022 at 19:45
To: TAC Operations <operations@threearrowscap.com>, Ningxin Zhang <nxzhang@threearrowscap.com>
Cc: Kyle Davies <kyle@threearrowscap.com>

Hi TAC team,

As per our loan agreement I'd like to call back the full 88 55.26 balance as per the attached statement.

Please transfer to the following:
3GqRzDzHPH7LU32Eh4zV4CkCm1ktvypq9p

Thank you,

Thank you,

Kenrick-TACL (1).pdf
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TACL Lending Statement May 2022 - Lunex

Date	Ccy	Loan outstanding	Rate	Payment Ccy	Interest
2022-05-01	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-02	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-03	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-04	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-05	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-06	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-07	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-08	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-09	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-10	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-11	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-12	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-13	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-14	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-15	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-16	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-17	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-18	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-19	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-20	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-21	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-22	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-23	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-24	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-25	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-26	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-27	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-28	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-29	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-30	BTC	87.66903520	4.50%	BTC	0.01080851
2022-05-31	BTC	87.66903520	4.50%	BTC	0.01080851

Total fee (BTC): 0.33506381

Outstanding loan amount (BTC): 88.00409901

CMS Holborn Asia

Three Arrows Capital Ltd
7 Temasek Boulevard
#21-04
Singapore 038987

Attn: Su Zhu

Date 17 June 2022

Email lakshanthi.fernando@cms-cmno.com
weiming.tan@cms-holbornasia.com

Direct Line +65 9648 9008
+65 9636 0156

IMMEDIATE ATTENTION

BY E-MAIL ONLY
(operations@threearrowscap.com;
kyle@threearrowscap.com;
nxzhang@threearrowscap.com**)**

Our Ref: LAFT/MITN/161003.00008
Your Ref: to be advised

Dear Colleagues

DEMAND FOR REPAYMENT UNDER MASTER LOAN AGREEMENT DATED 4 FEBRUARY 2019

1. We act for Kenrick Drijkoningen ("**our client**") in respect of the above-captioned matter.

2. As you will be aware, you entered into a Master Loan Agreement with our client dated 4 February 2019 ("**MLA**"). Pursuant to the MLA, our client has lent you 50 BTC (the "**Loan Amount**"). As of 31 May 2022, the total amount owed by you to our client pursuant to the MLA was 55.26739515 BTC (the "**May Statement Amount**") and as of today's date (*i.e.* 17 June 2022) the total outstanding loan amount is the May Statement Amount plus all loan fees accrued thereon since 31 May 2022 (the "**Outstanding Loan Amount**"). Our client requested repayment of the loan pursuant to an email sent at 7.45pm (Singapore time) on 14 June 2022. Payment under the loan was due by 5pm on today's date, upon which you have defaulted.

3. To-date, despite demands from our client to you on the repayment of the loan, the Outstanding Loan Amount (plus late fees) remains outstanding.

4. In the premises, our client **HEREBY DEMANDS** that you take the necessary steps to effect repayment in the sum of the Outstanding Loan Amount plus late fees **within three (3) days from the date of this letter**, *i.e.* by no later than **20 June 2022**.

5. **TAKE NOTICE** that unless you comply with our client's demand at paragraph 4 above within the stipulated deadline, our client will not hesitate to take further steps as they deem fit or necessary to recover the sums due and owing to them. This includes but is not limited to commencing legal proceedings against you without further reference.

6. Payment should be made directly to our client's Digital Currency Address set out below:

   3GqRzDzHPH7LU32Eh4zV4CkCm1ktvypq9p

7. All our client's rights are fully and expressly reserved. Nothing herein should be construed as a waiver and/or variation of the same.

Yours faithfully,

CMS

CMS Cameron McKenna Nabarro Olswang (Singapore) LLP

Cc. Client

Call Option re Kenrick Drijkoningen BTC Loan

Kenrick Drijkoningen <k.drijkoningen@gmail.com> 21 June 2022 at 16:43
To: TAC Operations <operations@threearrowscap.com>
Cc: Ningxin Zhang <nxzhang@threearrowscap.com>, Kyle Davies <kyle@threearrowscap.com>, matthew.nortcliff@cms-cmno.com, Michael.Pek@allenovery.com
Bcc: matthew.nortcliff@gmail.com

Dear TAC team,

With reference to Section II(c)(ii) of the Master Loan Agreement entered into between myself (as lender) and Three Arrows Capital Ltd (as borrower) I am exercising my Call Option with respect to the full Loan Balance, as shown in the attached statement (plus any accrued Loan Fees incurred since 1 June 2022 to date).

Please transfer to the following:

3GqRzDzHPH7LU32Eh4zV4CkCm1ktvypq9p

Thank you

Kenrick Drijkoningen

Kenrick-TACL (2).pdf
23K

FW: 3AC Creditor Claim: LuneX Ventures LP & Kenrick Drijkoningen

790

Kyle Davies <kyle@threearrowscap.com> Fri, Jun 24, 2022 at 12:17 AM
To: "solitaire.cmteam1@gmail.com" <solitaire.cmteam1@gmail.com>

From: Kenrick | LuneX <kenrick@lunex.vc>
Sent: Friday, June 24, 2022 12:17:37 AM (UTC+08:00) Beijing, Chongqing, Hong Kong, Urumqi
To: Nichol Yeo <nicholyeo@solitairellp.com>
Cc: Matthew NORTCLIFF <matthew.nortcliff@cms-cmno.com>; Michael.Pek@allenovery.com <Michael.Pek@allenovery.com>; ian.chapman@allenovery.com <ian.chapman@allenovery.com>; Rishi.Hindocha@allenovery.com <Rishi.Hindocha@allenovery.com>; Henric Suuronen <henric@playventures.vc>; Harri Manninen <harri@playventures.vc>; desmondong@solitairellp.com <desmondong@solitairellp.com>; Kyle Davies <kyle@threearrowscap.com>; Su Zhu <su.zhu@threearrowscap.com>; TAC Operations <operations@threearrowscap.com>
Subject: Re: 3AC Creditor Claim: LuneX Ventures LP & Kenrick Drijkoningen

Dear Nichol,

Quick update: we will be holding off on the BVI filing until further notice while awaiting larger creditor actions.

In the meantime we do still invite 3ac to reach an amicable settlement.

Thank you,

Kenrick

On Thu, Jun 23, 2022, 17:15 Kenrick | LuneX <kenrick@lunex.vc> wrote:

> Dear Nichol,
>
> As a creditor of Three Arrow Capital Ltd (3AC) I've been informed to contact you regarding further proceedings. The current positions across our entities and my personal account are as follows:
>
> **LuneX Ventures LP:**
>
> 1. An outstanding BTC loan under our MLA: 88 BTC
>
> **Kenrick Drijkoningen**
>
> 1. An outstanding BTC loan under our MLA: 55 BTC
> 2. An equity holder of the Starry Night share class: $250k invested
> 3. Shareholding in the Deribit QCP/3AC SPV (my understanding is these assets are not under 3AC control but please confirm).
>
> **Play Future Fund Limited**
>
> 1. 3AC has an existing commitment of $1m towards Play Future Fund Limited. A fund managed by myself at Play Ventures PTE LTD, a Singapore licensed manager. Of their commitment they have already contributed $400k with an additional $600k of capital to be called
>
> **Actions to date:**
>
> 1. On 14/6/22 I emailed 3AC requesting withdrawal of the BTC loans under the LuneX and personal MLA. Please find those emails attached
> 2. Without response from 3AC we followed up with Letters of Demand, sent by our fund council CMS. Please find those attached
> 3. For the avoidance of doubt we followed up with a withdrawal request on 21/6/22 indicating we are exercising our call option under the MLA. Please find those emails attached
>
> 3AC has failed to respond to any of the above communications nor to any direct outreach to Mr Davies and Mr Zhu.
>
> **Next Steps:**
>
> Since 3AC is now in breach of their contractual obligation to return funds our counsel Allen & Overy will be filing a Statutory Demand in the BVI today in respect of the BTC funds owed to Lunex Ventures LP and myself. This will give the company 21 days to return the funds before we start bankruptcy proceedings.
>
> Meanwhile we are pursuing other legal options available, including an investigation into whether the founders deliberately misled us about the company's standing. This may lead to further legal action against the company or the founders directly.
>
> Without prejudice we remain open to a settlement agreement. For example: We may be able to remove 3AC as an investor in Play Future Fund Limited, returning the contributed $400k and relieving them of the remaining $600k liability.
>
> Please direct all future communication to myself, Matthew Northcliff at CMS and the Allen & Overy Team who are acting for myself and LuneX Ventures LP in respect of the BTC funds, cc'd on this email.
>
> Many thanks for your assistance.
>
> --
>
> **Kenrick Drijkoningen**
> Founding Partner | **LuneX Ventures**

website at www.threearrowscap.com for any further Terms and Conditions

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TACL Lending Statement May 2022 - Kenrick

Date	Ccy	Loan outstanding	Rate	Payment Ccy	Interest
2022-05-01	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-02	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-03	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-04	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-05	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-06	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-07	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-08	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-09	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-10	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-11	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-12	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-13	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-14	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-15	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-16	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-17	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-18	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-19	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-20	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-21	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-22	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-23	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-24	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-25	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-26	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-27	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-28	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-29	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-30	BTC	55.05697180	4.50%	BTC	0.00678785
2022-05-31	BTC	55.05697180	4.50%	BTC	0.00678785

Total fee (BTC): 0.21042335

Outstanding loan amount (BTC): 55.26739515

FW: Demand Notice - Abra Loan Agreement

Kyle Davies <kyle@threearrowscap.com> Fri, Jun 24, 2022 at 5:47 AM
To: "solitaire.cmteam1@gmail.com" <solitaire.cmteam1@gmail.com>

From: Tim Welsh <timothy@abra.com>
Sent: Friday, June 24, 2022 5:46:50 AM (UTC+08:00) Beijing, Chongqing, Hong Kong, Urumqi
To: Kyle Davies <kyle@threearrowscap.com>
Cc: Su Zhu <su.zhu@threearrowscap.com>; Mike Zaczyk <mike@abra.com>; Justin Mcmahan <justin@abra.com>; Legal <legal@abra.com>
Subject: Re: Demand Notice - Abra Loan Agreement

Good Afternoon Kyle,

As a follow up to my previous email, please find a Notice of Default attached to this email. I have also previously reached out to your legal counsel (nicholyeo@solitairellp.com) earlier today regarding this matter. Please confirm that Solitaire represents Three Arrows and forward this Notice to your counsel.

Text of Notice:

NOTICE OF DEFAULT

June 23, 2022

Three Arrows Capital Ltd.
ABM Chambers, 2283 Road Town,
Tortola BVI VG1110
Attn: Kyle Davies
VIA EMAIL
Dear
Mr. Davies,

This notice is to inform you that Plutus Lending LLC ("Abra" or "Lender") has declared an Event of Default on a loan to Three Arrows Capital Ltd. ("3AC" or "Borrower") dated June 10, 2022. The Loan Amount of 10,000,000 USDC was issued pursuant to a Master Loan Agreement ("Agreement") dated July 17, 2020.

On June 15, 2022, Abra delivered a Notice of Demand, which recalled the open-term loan and demanded repayment no later than June 16, 2022. 3AC has made no contact with the Lender and has not made any efforts to repay this loan. Because Borrower has failed to respond to the Notice of Demand, the Lender has declared an Event of Default pursuant to Section VIII. of the Agreement. Due to this Event of Default, Lender will exercise the remedies granted by Section IX of the Agreement, including but not limited to:

- Terminating the Agreement and every Loan made thereunder; and
- Exercise all other rights and remedies available to the Lender under applicable law, or in equity.

Finally, as stated in the MLA, the Lender deems the Loan Balance as immediately due and payable.

If you have any questions regarding how to make a payment on the Loan Balance please contact Mike Zaczyk at Mike@abra.com.
If you have questions regarding the MLA or this Demand Notice, please contact Legal@abra.com and Timothy Welsh, Senior Counsel at Timothy@abra.com.

Regards,
Plutus Lending LLC
d/b/a Abra

Regards,
Tim Welsh

Timothy Welsh
Senior Counsel, Regulatory Affairs
Abra
www.abra.com
Calendar

On Wed, Jun 15, 2022 at 3:41 PM Tim Welsh <timothy@abra.com> wrote:

Good Afternoon Kyle,

Following up on your prior communications with our credit and lending team, please find the attached Demand Notice attached to this email.

Text of the notice below:

NOTICE OF DEMAND

794

June 15, 2022

Three Arrows Capital Ltd.
ABM Chambers 2283
Road Town, Tortola
BVI VG1110
Attn: Kyle Davies
VIA EMAIL
Dear
Mr. Davies,

This notice is to inform you that Plutus Lending LLC ("Abra" or "Lender") is exercising a Call Option on the loan referenced in the attached Term Sheet, executed on June 10, 2022 ("Loan") made pursuant to a Master Loan Agreement ("Agreement") dated July 17, 2020 between Lender and Three Arrows Capital Ltd. ("Borrower").

Pursuant to the terms of the Agreement and related Term Sheet, the Loan is an "Open Loan." As noted in Section II. (c)(ii) "Call Option" of the Agreement, the Lender may demand repayment of any portion of the Loan Balance at any time. For ease of reference, the relevant section of the MLA is copied below:

> "For Loans in which the Lender has a Call Option (e.g., Open Loans), Lender may at any time (the "Recall Request Day") demand repayment of a portion or the entirety of the Loan Balance (the "Recall Amount") by notifying Borrower of Lender's exercising of such Call Option by email to the Borrower Email. Borrower shall have two (2) Business Days from the Recall Request Day (the "Recall Delivery Day") to deliver the Recall Amount."

This notice serves as Abra's formal notification of execution of its Call Option as of June 14, 2022 (the "Recall Request Day") at 8:51am U.S. Eastern Standard Time. Abra communicated its exercise of the Call Option via the Telegram messaging application in a message sent by Mike Zaczyk. Abra demands that Three Arrows Capital Ltd. repay the entire outstanding Loan Balance of 10,000,000 USDC (the "Recall Amount") to Abra no later than 8:51 am U.S. Eastern Standard Time on June 16, 2022 (the "Recall Delivery Day").

Please note that Borrower's failure to deliver the Recall Amount prior to 5 pm on the Recall Delivery Day will result in Lender to declare an Event of Default pursuant to to Section VIII. of the Agreement and pursue all remedies available pursuant to Section IX. of the Agreement. The remedies available to the Lender include, termination of the Agreement and any Loan made thereunder and transfer any of the Borrower's Collateral from collateral accounts to the Lender's operating account necessary for the payment of the indebtedness created by the Agreement.

If you have any questions regarding this notice or payment options and instructions please contact Mike Zaczyk at mike@abra.com.

Regards,
Plutus Lending LLC
d/b/a Abra

Attachment

Timothy Welsh
Senior Counsel, Regulatory Affairs
Abra
www.abra.com
Calendar

This e-mail may contain information that is confidential or protected from disclosure. If you are not an intended recipient of this e-mail, please delete and do not duplicate or redistribute it. Unless specifically indicated, this e-mail is not an offer nor a solicitation to buy or sell any securities, investment products or other financial

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FW: Notice of Default on Collateral Request

796

Kyle Davies <kyle@threearrowscap.com> Fri, Jun 24, 2022 at 1:57 AM
To: "solitaire.cmteam1@gmail.com" <solitaire.cmteam1@gmail.com>

From: Stephen Zautke <szautke@zanbarcapital.com>
Sent: Friday, June 24, 2022 1:56:45 AM (UTC+08:00) Beijing, Chongqing, Hong Kong, Urumqi
To: Kyle Davies <kyle@threearrowscap.com>; Nichol Yeo <nicholyeo@solitairellp.com>; TAC Operations <operations@threearrowscap.com>
Subject: Notice of Default on Collateral Request

To whom it may concern:

I have made repeated requests for the return of my collateral held at 3AC for forward trades which have expired. As a result, 3AC is in default of our Master Trade Agreement. The current unpaid balances are 218.3534 BTC and 1,735.3587 ETH.

I am giving notice that these unpaid amounts constitute a dispute among the parties and I am initiating the negotiation process called for in Section 7.7b. of the Master Trade Agreement.

Kind regards,
--
Stephen Zautke

_____
This e-mail may contain information that is confidential or protected from disclosure. If you are not an intended recipient of this e-mail, please delete and do not duplicate or redistribute it. Unless specifically indicated, this e-mail is not an offer nor a solicitation to buy or sell any securities, investment products or other financial product or service, an official confirmation of any transaction, nor an official statement of Three Arrows Capital Pte. Ltd. Please note that we reserve the right to review content of emails and instant messages passing through our IT systems. Calls may be recorded for quality and monitoring purposes. Please refer to our website at www.threearrowscap.com for any further Terms and Conditions
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FW: DEMAND FOR OUTSTANDING LOANED ASSETS AND LOAN FEES PURSUANT TO THE MASTER LOAN AGREEMENT DATED 20 JUNE 2019 (THE "MLA") AND VARIOUS LOAN TERM SHEETS

797

Kyle Davies <kyle@threearrowscap.com> Fri, Jun 24, 2022 at 4:53 PM
To: "solitaire.cmteam1@gmail.com" <solitaire.cmteam1@gmail.com>

From: Loi Luu <loiluu@kyber.network>
Sent: Friday, June 24, 2022 4:53:33 PM (UTC+08:00) Beijing, Chongqing, Hong Kong, Urumqi
To: TAC Operations <operations@threearrowscap.com>
Cc: Kyle Davies <kyle@threearrowscap.com>; Su Zhu <su.zhu@threearrowscap.com>; Myra Loh <myra@kyber.network>; Spyros Vrettos <spyros@kyber.network>; Victor Tran <victor@kyber.network>
Subject: DEMAND FOR OUTSTANDING LOANED ASSETS AND LOAN FEES PURSUANT TO THE MASTER LOAN AGREEMENT DATED 20 JUNE 2019 (THE "MLA") AND VARIOUS LOAN TERM SHEETS

Dear Sirs,

DEMAND FOR OUTSTANDING LOANED ASSETS AND LOAN FEES PURSUANT TO THE MASTER LOAN AGREEMENT DATED 20 JUNE 2019 (THE "MLA") AND VARIOUS LOAN TERM SHEETS BETWEEN ASHLA INTERNATIONAL INC ("WE" / "US" / "ASHLA") AND THREE ARROWS CAPITAL PTE. LTD. ("YOU" / "TAC")

1. We refer to the above-captioned matter. Where appropriate and unless otherwise stated in this email, we adopt the definitions in the MLA.

2. We have since noticed that we had inadvertently referred to some wrong Loan Term Sheets in our emails to you of 20 June 2022 and 21 June 2022. Accordingly, we hereby re-issue our demand as follows.

3. We refer to the loans (the "**Outstanding Loans**") we had made to you pursuant to the following documents between Ashla and TAC:

   a) Master Loan Agreement dated 20 June 2019 (the "**MLA**");
   b) Loan Term Sheet dated 20 December 2019 (Amount of Loaned Asset: 300 BTC);
   c) Loan Term Sheet dated 28 February 2020 (Amount of Loaned Asset: 200 BTC); and
   d) Loan Term Sheet dated 18 May 2022 (Amount of Loaned Asset: 10,000,000 USDT).

4. The outstanding Loaned Assets and outstanding Loan Fees accrued up to and including the date of this email (i.e. 24 June 2022) in respect of the Outstanding Loans, are as follows:

a. Outstanding Loaned Assets: 500 BTC and 10,000,000 USDT

b. Outstanding Loan Fees up to and including 24 June 2022: 1.15068504 BTC and 65,753.52 USDT

5. A breakdown of the said outstanding Loan Fees of 1.15068504 BTC and 65,753.52 USDTaccrued up to and including 24 June 2022 is as follows:

   a) Loan Fee (at the rate of 3.5% per annum) for the period of 1 June 2022 to 24 June 2022 (inclusive of both dates) for outstanding Loaned Assets of 500 BTC = 0.04794521 BTC per day x 24 days = 1.15068504 BTC

   b) Loan Fee (at the rate of 10% per annum) for the period of 1 June 2022 to 24 June 2022 (inclusive of both dates) for outstanding Loaned Assets of 10,000,000 USDT = 2,739.73 USDT per day x 24 days = 65,753.52 USDT

6. Loan Fees continue to accrue in respect of the outstanding Loaned Assets, at the agreed rates of 3.5% per annum for BTC and 10% per annum for USDT, until the date on which the outstanding Loaned Assets are repaid in their entirety to us.

7. Pursuant to Section II(c)(ii) of the MLA, we hereby DEMAND repayment / payment (as the case may be) of the outstanding Loaned Assets of 500 BTC and 10,000,000 USDT and the outstanding Loan Fees of 1.15068504 BTC and 65,753.52 USDT accrued up to and including 24 June 2022, totalling 501.15068504 BTC and 10,065,753.52 USDT. Please deliver **501.15068504 BTC and 10,065,753.52 USDT** to us at the following wallet addresses **within the time stipulated in Section II(c)(ii) of the MLA**, failing which we will proceed to take such legal steps as necessary to pursue our claim against you, without further reference to you:

a. Our wallet address for BTC: 37oLEisosTGBZSA1geHJiuuKFGr83JiECZ

b. Our wallet address for USDT: 0x3eb01b3391ea15ce752d01cf3d3f09dec596f650

8. All of our rights, including but not limited to our right to claim against you for further Loan Fees (if any) and Late Fees (if any) due to us pursuant to the MLA, are expressly reserved.

--
Thanks,
Loi Luu

This e-mail may contain information that is confidential or protected from disclosure. If you are not an intended recipient of this e-mail, please delete and do not duplicate or redistribute it. Unless specifically indicated, this e-mail is not an offer nor a solicitation to buy or sell any securities, investment products or other financial product or service, an official confirmation of any transaction, nor an official statement of Three Arrows Capital Pte. Ltd. Please note that we reserve the right to review content of emails and instant messages passing through our IT systems. Calls may be recorded for quality and monitoring purposes. Please refer to our

IceMiller
LEGAL COUNSEL

One American Square | Suite 2900 | Indianapolis, IN 46282-0200
Chicago Columbus DuPage County, Ill.
Indianapolis New York Philadelphia Washington, D.C.

June 24, 2022

Writer's Direct Number: (317) 236-2400
Direct Fax Number: (317) 592-4760
Internet: richard.smikle@icemiller.com

Via Electronic Mail

Three Arrows Capital Limited
7 Temasek Boulevard
Suite 21-04
Suntec Tower One
Singapore 038987
Singapore
tim@threearrowscap.com
alex.kent@tpscap.com

RE: Equities First Holdings LLC / Three Arrows Capital Limited, Master
Collaeral: 1,000,000 shares of Grayscale Bitcoin Trust BTC (GBTC.US)
Notice of Termination

Dear Sir:

We are writing to you as legal representative of Equities First Holdings, LLC (EFH). On or about November 6, 2021, you entered into a Master Loan and Collateral Agreement (the Agreement). Pursuant to the Agreement, you pledged 1,000,000 shares of Grayscale Bitcoin Trust BTC (GBTC.US), common stock (the Collateral), as security for funds loaned by EFH in the amount of $33,133,100.00 USD (the Loan Principal Amount).

EFH notified you via a letter dated June 15, 2022 that the Agreement had gone into default due to the reduction in the value of the Collateral. In that notice, EFH offered you an opportunity to cure this default with a deposit of either an additional number of shares of stock or a definite cash amount that would bring the loan-to-value ratio within the requirements of the covenants in the Agreement. However, you have elected not to cure this default pursuant to the terms of the Agreement.

Accordingly, this final notice of termination hereby notifies you that, pursuant to the Agreement, and because of this default and at your election, you have forfeited all remaining rights afforded to you under the Agreement with respect to the Collateral. The date of this notice shall be the Early Termination Date Due to Default. As a result, effective immediately, you no longer have any right to a reassignment of any of the Collateral. Similarly, as the Agreement was non-recourse in nature, EFH has no right to collect any further principal or interest payments from you.

This is only intended as an abbreviated, explanatory summary of the salient contract terms and does not modify or supersede the Agreement in any way.

If you have any further questions about your rights and responsibilities, please refer to Agreement.

Very truly yours,

ICE MILLER LLP

Richard A. Smikle

Richard A. Smikle

RAS/kdj

cc: Equities First Holdings, LLC

IceMiller
LEGAL COUNSEL

One American Square | Suite 2900 | Indianapolis, IN 46282-0200
Chicago Columbus DuPage County, Ill.
Indianapolis New York Philadelphia Washington, D.C.

June 24, 2022

Writer's Direct Number: (317) 236-2400
Direct Fax Number: (317) 592-4760
Internet: richard.smikle@icemiller.com

Via Electronic Mail

Three Arrows Capital Limited
7 Temasek Boulevard
Suite 21-04
Suntec Tower One
Singapore 038987
Singapore
tim@threearrowscap.com
alex.kent@tpscap.com

RE: Equities First Holdings LLC / Three Arrows Capital Limited, Tranche #2
Collaeral: 1,500,000 shares of Grayscale Bitcoin Trust BTC (GBTC.US)
Notice of Termination

Dear Sir:

We are writing to you as legal representative of Equities First Holdings, LLC (EFH). On or about December 11, 2021, you entered into a Tranche #2 Loan Agreement (the Agreement). Pursuant to the Agreement, you pledged 1,500,000 shares of Grayscale Bitcoin Trust BTC (GBTC.US), common stock (the Collateral), as security for funds loaned by EFH in the amount of $38,841,600.00 USD (the Loan Principal Amount).

EFH notified you via a letter dated June 15, 2022 that the Agreement had gone into default due to the reduction in the value of the Collateral. In that notice, EFH offered you an opportunity to cure this default with a deposit of either an additional number of shares of stock or a definite cash amount that would bring the loan-to-value ratio within the requirements of the covenants in the Agreement. However, you have elected not to cure this default pursuant to the terms of the Agreement.

Accordingly, this final notice of termination hereby notifies you that, pursuant to the Agreement, and because of this default and at your election, you have forfeited all remaining rights afforded to you under the Agreement with respect to the Collateral. The date of this notice shall be the Early Termination Date Due to Default. As a result, effective immediately, you no longer have any right to a reassignment of any of the Collateral. Similarly, as the Agreement was non-recourse in nature, EFH has no right to collect any further principal or interest payments from you.

This is only intended as an abbreviated, explanatory summary of the salient contract terms and does not modify or supersede the Agreement in any way.

If you have any further questions about your rights and responsibilities, please refer to Agreement.

Very truly yours,

ICE MILLER LLP

Richard A. Smikle

Richard A. Smikle

RAS/kdj

cc: Equities First Holdings, LLC

IceMiller
LEGAL COUNSEL

One American Square | Suite 2900 | Indianapolis, IN 46282-0200
Chicago Columbus DuPage County, Ill.
Indianapolis New York Philadelphia Washington, D.C.

June 24, 2022

Writer's Direct Number: (317) 236-2400
Direct Fax Number: (317) 592-4760
Internet: richard.smikle@icemiller.com

Via Electronic Mail

Three Arrows Capital Limited
7 Temasek Boulevard
Suite 21-04
Suntec Tower One
Singapore 038987
Singapore
tim@threearrowscap.com
alex.kent@tpscap.com

RE: Equities First Holdings LLC / Three Arrows Capital Limited, Tranche #3
Collaeral: 2,000,000 shares of Grayscale Bitcoin Trust BTC (GBTC.US)
Notice of Termination

Dear Sir:

We are writing to you as legal representative of Equities First Holdings, LLC (EFH). On or about January 2, 2022, you entered into a Tranche #3 Loan Agreement (the Agreement). Pursuant to the Agreement, you pledged 2,000,000 shares of Grayscale Bitcoin Trust BTC (GBTC.US), common stock (the Collateral), as security for funds loaned by EFH in the amount of $45,745,300.00 USD (the Loan Principal Amount).

EFH notified you via a letter dated June 15, 2022 that the Agreement had gone into default due to the reduction in the value of the Collateral. In that notice, EFH offered you an opportunity to cure this default with a deposit of either an additional number of shares of stock or a definite cash amount that would bring the loan-to-value ratio within the requirements of the covenants in the Agreement. However, you have elected not to cure this default pursuant to the terms of the Agreement.

Accordingly, this final notice of termination hereby notifies you that, pursuant to the Agreement, and because of this default and at your election, you have forfeited all remaining rights afforded to you under the Agreement with respect to the Collateral. The date of this notice shall be the Early Termination Date Due to Default. As a result, effective immediately, you no longer have any right to a reassignment of any of the Collateral. Similarly, as the Agreement was non-recourse in nature, EFH has no right to collect any further principal or interest payments from you.

This is only intended as an abbreviated, explanatory summary of the salient contract terms and does not modify or supersede the Agreement in any way.

If you have any further questions about your rights and responsibilities, please refer to Agreement.

Very truly yours,

ICE MILLER LLP

Richard A. Smikle

Richard A. Smikle

RAS/kdj

cc: Equities First Holdings, LLC

IceMiller
LEGAL COUNSEL

One American Square | Suite 2900 | Indianapolis, IN 46282-0200
Chicago Columbus DuPage County, Ill.
Indianapolis New York Philadelphia Washington, D.C.

June 24, 2022

Writer's Direct Number: (317) 236-2400
Direct Fax Number: (317) 592-4760
Internet: richard.smikle@icemiller.com

Via Electronic Mail

Three Arrows Capital Limited
7 Temasek Boulevard
Suite 21-04
Suntec Tower One
Singapore 038987
Singapore
tim@threearrowscap.com
alex.kent@tpscap.com

RE: Equities First Holdings LLC / Three Arrows Capital Limited, Tranche #4
Collaeral: 2,000,000 shares of Grayscale Bitcoin Trust BTC (GBTC.US)
Notice of Termination

Dear Sir:

We are writing to you as legal representative of Equities First Holdings, LLC (EFH). On or about January 8, 2022, you entered into a Tranche #4 Loan Agreement (the Agreement). Pursuant to the Agreement, you pledged 2,000,000 shares of Grayscale Bitcoin Trust BTC (GBTC.US), common stock (the Collateral), as security for funds loaned by EFH in the amount of $44,339,500.00 USD (the Loan Principal Amount).

EFH notified you via a letter dated June 15, 2022 that the Agreement had gone into default due to the reduction in the value of the Collateral. In that notice, EFH offered you an opportunity to cure this default with a deposit of either an additional number of shares of stock or a definite cash amount that would bring the loan-to-value ratio within the requirements of the covenants in the Agreement. However, you have elected not to cure this default pursuant to the terms of the Agreement.

Accordingly, this final notice of termination hereby notifies you that, pursuant to the Agreement, and because of this default and at your election, you have forfeited all remaining rights afforded to you under the Agreement with respect to the Collateral. The date of this notice shall be the Early Termination Date Due to Default. As a result, effective immediately, you no longer have any right to a reassignment of any of the Collateral. Similarly, as the Agreement was non-recourse in nature, EFH has no right to collect any further principal or interest payments from you.

This is only intended as an abbreviated, explanatory summary of the salient contract terms and does not modify or supersede the Agreement in any way.

If you have any further questions about your rights and responsibilities, please refer to Agreement.

Very truly yours,

ICE MILLER LLP

Richard A. Smikle

Richard A. Smikle

RAS/kdj

cc: Equities First Holdings, LLC

AscendEX

June 24, 2022

Three Arrows Capital Ltd.
7 Temasek Boulevard #21-04, Singapore
Singapore 038987

VIA E-MAIL: Operations@threearrowscap.com
Cheuk Yao Pau: wilson@threearrowscap.com
Zhang Ningxin: nxzhang@threearrowscap.com

RE: Master Loan Agreement with Tower Square Capital Limited

Gentlemen:

I write on behalf of Tower Square Capital Limited ("Tower Square") regarding the Master Loan Agreement dated August 20, 2020 between Tower Square and Three Arrows Capital Limited (the "Master Loan Agreement"). Unless otherwise noted, capitalized terms used herein shall have the meaning ascribed to them in the Master Loan Agreement.

Pursuant to Section 2(c)(ii) of the Master Loan Agreement, we are hereby exercising our call right on all outstanding Loans. Accordingly, please deliver the entirety of the outstanding Loan Balances as of June 24, 2022 set forth below by no later than 5:00 p.m. ET on Tuesday June 28, 2022:

1. 106.620552 BTC (with interest at 3.50%)
2. 52.32976266 BTC (with interest at 3.50%)
3. 13206.76723 USDC (with interest at 5.00%)
4. 1098257.337 USDT (with interest at 5.00%)
5. 23285.24488 USDT (with interest at 7.00%)

Please be advised that in the event the entire outstanding Loan Balances are not repaid by that date, Tower Square shall exercise all rights and remedies to the fullest extent permitted under the law and the Master Loan Agreement including, but not limited to, seeking any and all Collection Costs.

Sincerely,

James C. Farrell
General Counsel
james.farrell@ascendex.com
+1 516.993.9504

June 24, 2022

VIA ELECTRONIC MAIL

THREE ARROWS CAPITAL LTD.
operations@threearrowscap.com

cc: loan@tpscap.com

Re: **Acceleration Notice and Notice of Event of Default**

Ladies and Gentlemen:

Reference is hereby made to (i) that certain Master Loan Agreement, dated March 4, 2022 (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), by and between Three Arrows Capital Ltd. ("Borrower"), Voyager Digital, LLC ("Voyager") and HTC Trading, Inc. (collectively, "Lender"), and Voyager, in its capacity as administrative agent for Lender ("Administrative Agent"), (ii) that certain Loan Refinance Term Sheet, dated May 12, 2022 (the "BTC Term Sheet"), by and between Borrower and Lender, pursuant to which Lender made a loan of 15,250 Bitcoin ("BTC") on an open/callable basis (the "BTC Open Loan"), and (iii) that certain Loan Refinance Term Sheet, dated May 13, 2022 (the "USDC Term Sheet"), between Borrower and Lender, pursuant to which Lender made a loan to Borrower of 350,000,000 USD Coin ("USDC") on an open/callable basis (the "USDC Open Loan"). Capitalized terms used herein but not specifically defined herein shall have the meanings ascribed to them in the Loan Agreement.

On June 13, 2022, at 3:13 p.m. (New York City time), Lender sent written notice to Borrower exercising the Callable Option with respect to the BTC Open Loan and recalling 1,250 BTC of the BTC Open Loan (the "Initial Recall Amount") in accordance with the terms of the Loan Agreement. Borrower failed to deliver the Initial Recall Amount to Lender when due by the Close of Business on June 15, 2022, which was the Recall Delivery Date with respect to the Initial Recall Amount.

On June 14, 2022, at 8:07 a.m. (New York City time), Lender sent written notice to Borrower exercising the Callable Option with respect to (i) the BTC Open Loan and recalling an additional 14,000 BTC of the BTC Open Loan and (ii) the USDC Open Loan and recalling 350,000,000 USDC of the USDC Open Loan (collectively, the "Second Recall Amount"), in each case, in accordance with the terms of Loan Agreement. Borrower failed to deliver the Second Recall Amount to Lender when due by the Close of Business on June 16, 2022, which was the Recall Delivery Date with respect to the Second Recall Amount.

NOTICE IS HEREBY GIVEN to Borrower that as a result of Borrower's failure to deliver the Initial Recall Amount and the Second Recall Amount to Lender when due, one or more Defaults and Events of Default have occurred and are continuing under the Loan Agreement, including, without limitation, an Event of Default under Section X(e) of the Loan Agreement (the "Specified Event of Default").

There also may be other Defaults or Events of Default that have occurred and are continuing. The fact that such other Defaults or Events of Default are not specified herein shall not be construed as a waiver thereof or a waiver of the right to exercise any rights and remedies with respect thereto. Lender continues to evaluate their response to the Specified Events of Default, and may, in its sole discretion, take any and all actions it may deem necessary for purposes of preserving and protecting the current value of the Collateral securing the Obligations.

Notwithstanding any prior or contemporaneous discussions or understandings, Lender has not waived the Specified Events of Default or any other Defaults or Events of Default that may exist, nor does Lender have any obligation to waive, forebear from exercising their rights and remedies with respect to any Default or Event of Default (including without limitation, the Specified Events of Default).

FURTHER NOTICE IS HEREBY GIVEN to Borrower that, pursuant to Section XI(a) of the Loan Agreement, as a result of the occurrence of the Specified Event of Default, Lender hereby declares the principal of, and any and all accrued and unpaid interest and fees in respect of, the BTC Open Loan, the USDC Open Loan, all other Loans, and all other Obligations, whether evidenced by the Loan Agreement, by the BTC Term Sheet, by the USDC Term Sheet or by any of the other Loan Documents to be immediately due and payable, whereupon the same shall become and be immediately due and payable. LENDER HEREBY DEMANDS that Borrower pay to Lender the full amount of the BTC Open Loan, the USDC Open Loan and all other Obligations outstanding under the Loan Agreement, the BTC Term Sheet, the USDC Term Sheet and the other Loan Documents (including, without limitation, all principal, interest, fees, expenses and charges accrued through the date of payment by 5:00 p.m. (New York City time) on June 24, 2022.

As of June 24, 2022, the total principal amount of the BTC Open Loan is 15,250 BTC and the total principal amount of the USDC Open Loan is 350,000,000 (in each case which do not include accrued interest, fees, expenses and charges payable under the Loan Agreement, the BTC Term Sheet, the USDC Term Sheet and the other Loan Documents).

This demand for payment is issued to you pursuant to the notice provisions of the Loan Agreement and shall constitute an Acceleration Notice for all purposes under the Loan Agreement, the BTC Term Sheet, the USDC Term Sheet, and the other Loan Documents. The Acceleration Date as referred to in the Loan Agreement shall be June 24, 2022.

Lender hereby further confirms by notice to Borrower that the BTC Open Loan, the USDC Open Loan and all other Loans (if any) outstanding under the Loan Agreement are hereby terminated and immediately due and payable pursuant to Section II(d) of the Loan Agreement.

Please be advised that Lender intends to collect the indebtedness due to it under the Loan Agreement, the BTC Term Sheet, the USDC Term Sheet and other Loan Documents and may exercise any and all rights and remedies available to it, including, without limitation, such rights and remedies as are granted pursuant to the terms of the Loan Documents. Nothing herein contained shall be deemed to be an election of remedies by Lender. The exercise by Lender of any of its rights and remedies under the Loan Documents shall not be deemed a waiver of or preclude the exercise of any other of its rights and remedies under the Loan Documents, or any rights and remedies at law or in equity (and all such rights and remedies are specifically reserved).

Nothing contained herein nor any delay or failure by Lender in exercising any rights or remedies under the Loan Agreement, the BTC Term Sheet, the USDC Term Sheet, the other Loan Documents, or applicable law with respect to the Specified Event of Default shall be deemed to: (i) constitute a waiver of the Specified Event of Default or any other Default or Event of Default now existing or hereafter arising or a waiver of compliance with any term or provision in the Loan Agreement, the BTC Term Sheet, the USDC Term Sheet or any other Loan Document; (ii) constitute a waiver of any rights, claims, and remedies under the Loan Documents or applicable law; or (iii) constitute a course of dealing among the parties.

Lender hereby reaffirms that all rights and remedies of Lender at law, at contract, in equity, or otherwise arising under the Loan Agreement, the BTC Term Sheet, the USDC Term Sheet or the Loan Documents due to the occurrence and continuation of the Specified Event of Default are reserved.

Be advised that all money expended by Lender in accordance with the terms of the Loan Agreement and the other Loan Documents shall, as and to the extent provided in the Loan Agreement and the other Loan Documents, be added to the outstanding principal indebtedness secured by the Collateral, shall bear interest, and be subject to the payment of attorneys fees, costs and expenses as set forth in the Loan Agreement and the other Loan Documents.

[Signature page follows]

Very truly yours,

VOYAGER DIGITAL, LLC, as Lender and Administrative Agent

By: DocuSigned by: Evan Psaropoulos A3826FEC8D8B45A...
Name: Evan Psaropoulos
Title: CCO

HTC TRADING, INC., as Lender

By: DocuSigned by: DCE6810FA83F496...
Name: Phillip Eytan
Title: Director

THREE ARROWS CAPITAL, LTD

Annual Report

December 31, 2020

Three Arrows Capital, Ltd

Annual Report
December 31, 2020

Table of Contents

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THREE ARROWS CAPITAL, LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the non-statutory financial statements of Three Arrows Capital, Ltd (the "Master Fund"), which comprise the statement of assets and liabilities of the Master Fund as at December 31, 2020, the condensed schedule of investments, the statement of operations, statement of changes in net assets and statement of cash flows of the Master Fund for the year then ended, and notes to the non-statutory financial statements, including a summary of significant accounting policies, as set out on pages 4 to 26.

In our opinion, the accompanying non-statutory financial statements are properly drawn up in accordance with the provisions of the U.S. generally accepted accounting principles so as to give a true and fair view of the financial position of the Master Fund as at December 31, 2020, and of its operations, changes in net assets and cash flows for the year then ended on that date.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the non-statutory Financial Statements section of our report. We are independent of the Master Fund in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the non-statutory financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Restriction on Distribution and Use

The non-statutory financial statements have been prepared solely for the private information of the members of the Master Fund and should not be quoted or referred to, in whole or in part, without our prior written permission, for any other purposes. We do not assume responsibility or liability for losses occasioned to the members, the Master Fund or any other parties as a result of the circulation, publication, reproduction or use of the report contrary to the provision of this paragraph. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THREE ARROWS CAPITAL, LTD (CONT'D)

Responsibilities of the Management and Directors for the Non-statutory Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of non-statutory financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Master Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Master Fund or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Master Fund's financial reporting process.

Auditors' Responsibilities for the Audit of the Non-statutory Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-statutory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-statutory financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Master Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Master Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the non-statutory financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Master Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THREE ARROWS CAPITAL, LTD (CONT'D)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oakfield & Associates
Public Accountants and
Chartered Accountants
Singapore

Date: June 30, 2021

THREE ARROWS CAPITAL, LTD

817

Statement of Assets and Liabilities

December 31, 2020
(Expressed in United States Dollars)

Assets	
Investment in digital assets, at fair value	$ 1,196,316,260
Investment in private equity, at fair value (cost: $39,139,334)	39,139,334
Investment in derivative financial instruments, at fair value	16,382,462
Unrealized gains on digital assets (Notes 4 and 5)	652,572,825
Unrealized gains on private equity (Notes 4 and 5)	30,615,714
Unrealized gains on open derivative financial instruments (Notes 4 and 5)	16,030,083
Due from brokers and exchanges (Note 3)	46,799,677
Lending receivables	646,072,848
Prepaid expenses and other receivables	425,415
Dividend receivables	641,339
Total assets	2,644,995,957
Liabilities	
Unrealized losses on open derivative financial instruments (Notes 4 and 5)	44,779,833
Loan payables	1,779,354,712
Interest payable	12,899,840
Accounts payable and accrued expenses	18,784,697
Due to brokers and exchange (Note 3)	86,290,222
Total liabilities	1,942,109,304
Net assets	$ 702,886,653
Number of Shares outstanding (Note 7)	
Three Arrows Fund, Ltd. – Share Class B	10,575.19
Three Arrows Fund, Ltd. – Share Class DeFiance	277,782.81
Net Asset Value ("NAV") per share	
Three Arrows Fund, Ltd. – Share Class B	$ 63,140.69
Three Arrows Fund, Ltd. – Share Class DeFiance	$ 126.58

See accompanying notes to financial statements

Approved on behalf of the Board of Directors
On June 30, 2021

Wilson Pau

Wilson Cheuk Yao Pau
Director

Zhu Su
Director

THREE ARROWS CAPITAL, LTD

818

Condensed Schedule of Investments

December 31, 2020
(Expressed in United States Dollars)

Description	% of Net Assets	Fair value
Investment in digital assets, at fair value		
Cryptocurrency assets		
Bitcoin (BTC)	19.78	$ 139,011,008
Ethereum (ETH)	16.46	115,660,271
Polkadot (DOT)	7.83	55,017,507
Tether (USDT)	9.98	70,171,111
Other cryptocurrency assets*	32.77	230,362,766
	86.82	610,222,663
Cryptocurrency exchange-traded funds		
Grayscale Ethereum Classic Trust	0.47	3,279,438
Grayscale Ethereum Trust	3.64	25,611,648
Grayscale Bitcoin Trust	76.70	539,080,881
Other cryptocurrency exchange-traded funds	2.58	18,121,630
	83.39	586,093,597
Total investment in digital assets	170.21	1,196,316,260
Investment in private equity, at fair value		
Dhedge - Deep Fried Ants (cost: $50,000)	0.01	50,000
Dhedge - Yang (That Asian Quant) (cost: $50,000)	0.01	50,000
3Ac Coincident Capital, Ltd (cost: $100,000)	0.01	100,000
Daf Liquid Venture Fund Inc. - August 2020 Series (cost: $400,000)	0.06	400,000
Daf Liquid Venture Fund Inc. - May 2020 Series (cost: $100,000)	0.01	100,000
Hypersphere Fund I Ltd. (A1) (cost: $200,000)	0.03	200,000
Hypersphere Fund I Ltd. (C1) (cost: $2,000,000)	0.28	2,000,000
256 Capital Multi-Alpha Fund (cost: $100,000)	0.01	100,000
Multicoin Venture Fund II , LP (cost: $31,250)	0.00	31,250
Multicoin Capital GP, LLC (cost: $100,000)	0.01	100,000
Bitwise 10 Crypto Index Fund (cost: $25,282)	0.00	25,282
DBK DeFi (Cayman) - Series Angel+ Preferred Shares (cost: $50,000)	0.01	50,000
DSD coupon (cost: $124,221)	0.02	124,221
DYDX TRADING INC - Series B Preferred (cost: $4,999,999)	0.71	4,999,999
Furucombo Purchase Agreement (COMBO) (cost: $730,000)	0.10	730,000
Horizon DAO (cost: $150,000)	0.02	150,000
O(1) LABS, LLC - Series A-1 (cost: $1,302,000)	0.19	1,302,000
O(1) LABS, LLC - Series A-2 (cost: $1,150,000)	0.16	1,150,000
Paraswap Labs - Private token sales agreement (cost: $100,000)	0.01	100,000
SAFE - Defihedge Warrant (cost: $95,000)	0.01	95,000
SAFT - INSUR (cost: $500,000)	0.07	500,000

* No component is greater than 5% of net assets

See accompanying notes to financial statements

Condensed Schedule of Investments (continued)

December 31, 2020
(Expressed in United States Dollars)

Description	% of Net Assets	Fair value
Investment in private equity, at fair value (continued)		
SAFTE - Dagobah Labs Inc (FutureSwap Tokens) (cost: $400,000)	0.06	400,000
Union Finance - Pre-Functionality Token (cost: $100,000)	0.01	100,000
Warrant - Dodo Family Ltd. (cost: $115,000)	0.02	115,000
BlockFi Inc. - Common Share (cost: $41,446)	0.01	41,446
BlockFi Inc. - Series A-2 Preferred Stock (cost: $241,032)	0.03	241,032
SAFE - DEFI TECHNOLOGIES PTE. LTD. (cost: $100,000)	0.01	100,000
3AC QCP Deribit SPV Pte. Ltd. (cost: $24,509,388)	3.49	24,509,388
Curve Finance - CRV locked (cost: $13,995)	0.00	13,995
Swerve Finance - SWRV token locked (cost: $1,959)	0.00	1,959
Synthetix - SNX token Escrowed (cost: $678,548)	0.10	678,548
SAFT - Alpha Finance (cost: $56,250)	0.01	56,250
SAFT - BoringDAO (cost: $76,000)	0.01	76,000
SAFT - Dodo Family Ltd. (cost: $350,000)	0.05	350,000
SAFT - Axie Infinity Shard (cost: $40,000)	0.01	40,000
SAFT - dHedge DAO (cost: $57,964)	0.01	57,964
Total investment in private equity	5.55	39,139,334
Investment in derivative financial instruments, at fair value		
Options	2.23	16,382,462
Total investment in derivative financial instruments	2.23	16,382,462
Unrealized results on investments		
Unrealized results on digital assets	92.84	652,572,825
Unrealized results on private equity	4.36	30,615,714
Unrealized results on open derivative financial instruments	2.28	16,030,083
Total unrealized results on investments	99.48	699,218,622
Securities short sold		
Unrealized results on open contracts for difference	6.37	$ 44,779,833
Total unrealized results on securities short sold	6.37	$ 44,779,833

See accompanying notes to financial statements

THREE ARROWS CAPITAL, LTD

820

Statement of Operations

Year Ended December 31, 2020
(Expressed in United States Dollars)

Investment income		
Interest income	$	24,595,220
Other income		2,588,881
Security transaction income		2,733,550
Dividend income		2,744,480
Total income		32,662,131
Expenses		
Interest		(50,797,251)
Administration fee (Note 6)		(121,000)
Custodian fee		(95)
Security transaction fees		(2,764,506)
Professional fees		(2,206,365)
Dividend expense		(39,726)
Others		(116,917)
Total expenses		(56,045,860)
Net investment loss		(23,383,729)
Realized and unrealized results on investments and foreign currency' transactions		
Net realized results on investments in securities		8,725,719
Net realized results on digital assets, derivative contracts and foreign currency transactions		197,242,728
Net change in unrealized results on securities		30,615,714
Net change in unrealized results on derivative contracts		(28,808,422)
Net change in unrealized results on digital assets and foreign currency transactions		502,417,744
Net realized and unrealized results on investments and foreign currency transactions		710,193,483
Net increase in net assets resulting from operations	$	686,809,754

See accompanying notes to financial statements

Statement of Changes in Net Assets

Year Ended December 31, 2020
(Expressed in United States Dollars)

Net increase in net assets resulting from operations	
Net investment loss	$ (23,383,729)
Net realized results on investments in securities	8,725,719
Net realized results on digital assets, derivative contracts and foreign currency transactions	197,242,728
Net unrealized results on securities	30,615,714
Net change in unrealized results on derivative contracts	(28,808,422)
Net change in unrealized results on digital assets and foreign currency transactions	502,417,744
Net increase in net assets resulting from operations	686,809,754
Capital share transactions	
Proceeds on sale of Three Arrows Fund, Ltd. Shares	35,504,413
Paid on redemption of 611 Three Arrows Fund, LP shares	(2,116,480)
Paid on redemption of 1,931 Three Arrows Fund, Ltd. Shares	(32,742,006)
Net increase in net assets from capital share transactions	645,927
Net increase in net assets	687,455,681
Net assets at beginning of year	15,430,972
Net assets at end of year	$ 702,886,653

See accompanying notes to financial statements

THREE ARROWS CAPITAL, LTD

822

Statement of Cash Flows

Year Ended December 31, 2020
(Expressed in United States Dollars)

Cash flows from operating activities		
Net increase in net assets resulting from operations	$	686,809,754
Adjustments to reconcile net change in net increase in net assets resulting from operations to net cash used in operating activities:		
Net realized gain on investments in securities		(8,725,719)
Net realized gain on digital assets, derivative contracts and foreign currency transactions		(197,242,728)
Net change in unrealized gain on securities		(30,615,714)
Net change in unrealized loss on derivative contracts		28,808,422
Net change in unrealized gain on digital assets and foreign currency transactions		(502,417,744)
Purchases of digital assets		(1,156,347,878)
Purchases of investments in securities		(39,039,334)
Purchases of investments in derivative financial instruments		(16,382,462)
Net proceeds from settlement of digital assets and derivative financial instruments		55,813,366
Change in operating assets and liabilities:		
Due from brokers and exchange		(45,737,919)
Lending receivables		(639,179,235)
Dividend receivables		(641,339)
Prepaid expenses and other receivables		(353,857)
Due to brokers and exchange		86,290,222
Loan payables		1,744,292,893
Interest payable		12,715,837
Accounts payable and accrued expenses		18,648,569
Net cash used in operating activities		(3,304,866)
Cash flows from financing activities		
Proceeds from issuance of Shares		35,504,413
Paid on redemption of Shares		(34,858,486)
Net cash provided by financing activities		645,927
Net decrease in cash and cash equivalents		(2,658,939)
Cash and cash equivalents at beginning of year		2,658,939
Cash and cash equivalents at end of year	$	-
Represented by		
Cash	$	-
Supplemental disclosure of cash flows information:		
Interest paid	$	(2,830,084)
Interest received	$	5,933
Dividend paid	$	(16,304)
Dividend received	$	2,103,141

See accompanying notes to financial statements

Notes to the Non-statutory Financial Statements

1. **The Master Fund**

Three Arrows Capital, Ltd (the "Master Fund") was incorporated as an exempted company with limited liability in the British Virgin Islands on May 3, 2012 and commenced operations on November 26, 2012. The Master Fund is a Professional Master Fund within the meaning of the Securities and Investment Business Act, 2010, of British Virgin Islands.

The investment strategy is to extract alpha via short term opportunities trading. The Investment manager trades listed and over-the-counter products where market fragmentation persists cross-border, cross-exchange and cross-product. The objective is to achieve consistent market neutral returns while preserving capital. Investments are made primarily in, but not limited to, foreign exchange, futures, options, bonds, stocks, digital assets, exchange traded fund and over -the-counter derivatives. Investments are not made in Initial Coin Offerings.

The Master Fund's investment manager is Three Arrows Capital Pte Ltd (the "Investment Manager"), a company incorporated in Singapore. The Master Fund and the Investment Manager are affiliated by way of common directors.

The investors in the Master Fund are Three Arrows Fund, Ltd (the "Offshore Feeder") and Three Arrows Fund, LP (the "Onshore Feeder") (collectively, the "Feeder Funds"). The Master Fund is 10ecognize into a master/feeder structure to which the Feeder Funds have invested substantially all of its assets. During the financial year ended December 31, 2020, the Onshore Feeder had fully redeemed the participating Class Three Arrows Fund, LP shares. For the year ended December 31, 2020, the Onshore Feeder has invested substantially all of its assets in the Offshore Feeder which the Offshore Feeder in turn invest all of its assets in the Master Fund.The Investment Manager is also the investment manager of Offshore Feeder and the General Partner of the Onshore Feeder. The master/feeder structure is used to permit the pooling of assets of investors with similar investment objectives, in an effort to achieve economies of scale and efficiencies in portfolio management, while preserving the separate identities of the investors.

2. **Significant accounting policies**

Basis of preparation

The accompanying financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and are stated in United States dollar ("US$"), which is the Master Fund's functional currency. The Master Fund and its subsidiaries are investment companies and follows the accounting and reporting guidance contained within Topic 946 *"Financial Services – Investment Companies"* of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

The Master Fund has been deemed to meet the definition of an investment company per FASB ASC 946 as the Master Fund obtains funds from an investor for the purpose of providing the investor with professional investment management services and to invest the funds solely for the returns from capital appreciation and investment income, and does not obtain returns or benefits other than capital appreciation or investment income. The Master Fund measures and evaluates the performance of its investments on a fair value basis. The Investment Manager assessed that the Master Fund meets the definition of an investment entity as it has more than one investment and it 10ecognized its investments on a fair value basis. This conclusion will be reassessed on an annual basis if any of these criteria or characteristics changes.

2. **Significant accounting policies (continued)**

The following are significant accounting policies adopted by the Master Fund:

(a) Use of estimates

Preparation of financial statements in conformity with GAAP requires the Investment Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities, including the fair of value of investment and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

(b) Security transactions and valuation

Security transactions are accounted for on a trade date basis. All investments in securities are recorded at their estimated fair value, as described in Note 4.

Realized gains and losses are recorded when the security acquired is sold and unrealized gains and losses are recorded when the security is marked to market. The net realized gain or loss on sale of securities is determined on a first in-first out basis unless specifically identified.

(c) Income recognition

Dividend income is recognized on the ex-dividend date and is presented net of withholding taxes. Dividends declared on short positions held on the ex-dividend date are recorded as dividend expense. Interest income and expense are recognized on an accruals basis except for securities in default for which interest is recognized on a cash basis. Premiums and discounts on debt securities are amortized using the effective interest method.

Withholding taxes on foreign dividends have been provided for in accordance with the Master Fund's understanding of the applicable country's tax rules and rates.

(d) Derivative financial instruments

In the normal course of business the Master Fund uses derivatives fianancial instruments in connection with its proprietary trading activities. The Master Fund's derivative financial instruments include forward foreign exchange contracts, options and financial futures contracts which are recorded at fair value at the reporting date. Realized and unrealized changes in fair values are included in realized and change in unrealized gains and losses on investments and derivatives in the statement of operations in the year in which the changes occur.

The fair value of derivative financial instruments at the reporting date generally reflects the amount that the Master Fund would receive or pay to terminate the contract at the reporting date. Many of the derivative financial instruments used by the Master Fund are exchange-traded or are traded in the over-the-counter ("OTC") market where fair values are readily obtainable. Some of the tailored derivative financial instruments used by the Master Fund are valued based on prices supplied by US brokers, dealers or other counterparties.

2. **Significant accounting policies (continued)**

(d) Derivative financial instruments (continued)

When the Master Fund purchases a put or call option an amount equal to the premium paid by the Master Fund is recorded as an investment and is subsequently adjusted to the current fair value of the option purchased. Premiums paid for purchasing options that expire unexercised are treated by the Master Fund on the expiration date as realized losses from investments. If a call option is exercised, the premium is added to the cost from the purchase of the underlying security or currency in determining whether the Master Fund has realized a gain or loss. If a put option is exercised, the premium reduces the proceeds of the securities sold by the Master Fund. The Master Fund as purchaser of an option bears market risk limited to the amount of the premium paid.

When the Master Fund writes a put or call option an amount equal to the premium received by the Master Fund is recorded as a liability and is subsequently adjusted to the current fair value of the option written. Premiums received from writing options that expire unexercised are treated by the Master Fund on the expiration date as realized gains from investments. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or, if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security or currency in determining whether the Master Fund has realized a gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the Master Fund. The Master Fund as writer of an option bears the market risk of an unfavorable change in the price of the security underlying the written option.

The Master Fund values derivatives that are traded on an exchange at their last reported sales price. Derivatives contracts that are traded on an exchange are generally classified in Level 1 of the fair value hierarchy.

The Master Fund uses an independent pricing services to value derivatives contracts that are centrally cleared or traded on the OTC market using market price quotations, counterparty quotations, broker or dealer quotations, or pricing models that take into account the term of the contract (including the notional amount and contract maturity), and inputs such as interest rates, yield curves, payment rates, credit spreads, recovery rates, currency exchange rates, volatility, correlation of inputs, and changes in the fair value of the reference asset. Derivative contrctas that are centrally cleared or traded on the OTC market are generally classified in Level 2 or 3 of the fair value hierarchy.

Unrealized gain or loss on open forward foreign exchange contracts is calculated as the difference between the contract date rate and the applicable forward rate at the reporting date as reported in published sources, applied to the face amount of the forward foreign exchange contract. The unrealized gain or loss at the reporting date is included in the statement of assets and liabilities.

Unrealized gain or loss on open financial futures contracts is calculated as the difference between the contract price at trade date and the contract's closing price on the valuation date as reported on the exchange on which the futures contracts are traded applied to the face amount of the futures contract. Any payments made to satisfy initial and variation margin are reflected as due to and due from broker balances on the statement of assets and liabilities.

2. **Significant accounting policies (continued)**

(e) Equity securities

The Master Fund values equity securities that are traded on a national securities exchange at their last reported sales price. The Master Fund generally values equity securities traded in the OTC markets and listed securities for which no sale was reported on that date at the price within the bid-ask spread that best represents fair value. To the extent that equity securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy. Equity securities traded on inactive markets or valued by reference to similar instruments are generally categorized in Level 2 of the fair value hierarchy.

(f) Digital assets

Digital assets are commonly referred as "digital currencies" or "crypto currencies." As the economic utility of the majority of these instruments differs from that of a currency, the Investment Manager uses the term "digital assets" to describe native tokens of distributed ledger technologies, such as blockchain technology. For the avoidance of any doubt, the terms "digital assets" and "digital currencies" should be treated as synonyms in this financial statement.

The Master Fund classifies its investments in digital assets as commodities, which is consistent with the Commodity Futures Trading Commission's indication that bitcoins are considered commodities under the Commodity Exchange Act.

The Master Fund considers its digital asset investment transactions to be the receipt of digital assets and the delivery of digital assets. The Master Fund records its investment in digital assets on a trade date basis and changes in fair value are reflected as net change in unrealized appreciation (depreciation) on digital assets.

(g) Foreign currency translation

Investment securities and other assets and liabilities denominated in foreign currencies are translated into US dollar amounts at exchange rates at the reporting date. Purchases and sales of investment securities and foreign currencies and income and expense items denominated in foreign currencies are translated into US dollar amounts at the exchange rate on the respective dates of such transactions. Adjustments arising from foreign currency transactions are reflected in the statement of operations.

The Master Fund does not isolate that portion of the results of operations resulting from the effect of changes in foreign exchange rates on investments from fluctuations arising from changes in market prices of investments held. Those fluctuations are included with net realized and unrealized gain or loss from investments and derivatives in the statement of operations.

Reported net realized gain (loss) from foreign currency transactions arise from sale of foreign currencies; currency gains or losses realized between the trade and settlement dates on securities transactions; and the difference between the amount of devidends, interest, and foreign withholding taxes recorded on the Master Fund's books and the US dollar equivalent of the amounts actually received or paid. Net change in unrealized gains and losses on translation of assets and liabilities denominated in foreign currencies arises from changes in the fair values of assets and liabilities, other than securities at the end of the period, resulting from changes in exchange rates.

2. **Significant accounting policies (continued)**

(h) Allocation of profits and losses

Profits and losses of the Master Fund for each month are allocated to each Class of Shares in proportion to the respective net asset value of each Class at the beginning of that month. The performance fee, if any, is charged based on the performance of each Class of Shares.

(i) Cash and cash equivalents

Cash including cash denominated in foreign currencies represents cash deposits held at financial institutions. Cash and cash equivalents consist of cash at bank and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are carried at cost, plus interest, which approximates fair value. Cash equivalents are held for meeting short-term liquidity requirements, rather than for investment purposes. At December 31, 2020, the cash and cash equivalents are held with reputable financial institutions and are subject to credit risk to the extent those exceed applicable Federal Deposit Insurance Corporation ("FDIC") or Federal Deposit Insurance Corporation ("SIPC") limitations.

(j) Short selling

The Master Fund may sell a security it does not own in anticipation of a decline in the fair value of that security. When the Master Fund sells a security short, it must borrow the security and deliver it to the broker-dealer through which it made the short sale. The Master Fund is required to maintain collateral with the broker-dealer from which the security was borrowed. A gain, limited to the price at which the Master Fund sold the security short, or a loss, unlimited in size, will be recognized upon the termination of a short sale. The Master Fund is also subject to the risk that it may be unable to require a security to terminate a short position except at a price substantailly in excess of the last quoted price. Realized gains and losses arising from short sales are recorded as a net realized gain or loss on investments in the statement of operations. Securities sold short are recorded as liabilities on the statement of assets and liabilities.

(k) Offsetting of assets and liabilities

Amounts due from and to brokers and fair value amounts recognized for OTC derivatives executed are presented on a gross basis, by counterparty. The Master Fund and the brokers did not enter into any master netting agreement.

(l) Partner's capital

Profits and losses of the Master Fund are allocated to the General Partner and Feeder Fund according to their respective interests in the Master Fund.

At December 31, 2020, Three Arrows Fund, Ltd owned 100% of the equity of the Master Fund.

(m) Related-party transactions

The Master Fund considers the General Partner, Feeder Fund and Investment Manager to be related parties to the Master Fund. Amounts due from and due to related parties are generally settled in the normal course of business without formal payment terms.

The Master Fund is not required to pay any management fee or incentive fees.

2. **Significant accounting policies (continued)**

(n) Mandatory redeemable financial instruments

In accordance with FASB ASC 480, *Distinguishing Liabilities from Equity*, financial instruments mandatorily redeemable at the option of the holder, are classified as liabilities when a redemption request has been received and the redemption amount has been determined.

(o) Income taxes

The Master Fund is domiciled in the British Virgin Islands, whereas its Subsidiaries are domiciled in Mauritius. Under present legislation in the British Virgin Islands and in Mauritius, the Master Fund is not subject to any taxation in those jurisdictions. Accounting Standards Codification ("ASC") 740, Income Taxes, establishes financial accounting and disclosure requirements for recognition and measurement of tax positions, taken or expected to be taken, on a tax return. The Investment Manager is required to determine whether a tax position of the Master Fund is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. For tax positions meeting the more likely than not threshold, the tax amount recognised in the financial statements is reduced by the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant taxing authority. The Investment Manager has concluded that there was no material tax position requiring recognition, measurement or disclosure on the results of operations of the Master Fund for the year ended December 31, 2020. The Investment Manager's conclusions, regarding tax positions, will be subject to review and may be adjusted at a later date based on factors including, but not limited to, on-going analyses of tax laws, regulations and interpretations thereof. The Master Fund is subject to potential examination by certain tax authorities in various jurisdictions. The tax years under potential examination vary by jurisdictions.

(p) New accounting pronouncements issued and effective for the year ended December 31, 2020

In August 2018, the Financial Accounting Standards Board issued Accounting Standards Update 2018-13, Fair Value Measurement (Topic 820): Changes to the Disclosure Requirements for Fair Value Measurement ("ASU 2018-13"). ASU 2018-13 removes the requirement to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing of transfers between levels, the valuation processes for Level 3 fair value measurements and the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurement held at the end of the reporting period. Further, under ASU 2018-13, nonpublic entities are not required to complete a reconciliation of the opening balances to the closing balances of recurring Level 3 fair value measurements. Rather, an entity is required to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Investment Manager has elected to adopt ASU 2018-13 for the year ended December 31, 2020.

3. **Due from/to brokers and exchanges**

Due from/to brokers includes cash and other currency balances, margin deposits on derivative contracts and cash collateral with the Master Fund’s brokers and net amounts receivable/payable for securities transactions that have not settled as at December 31, 2020. The Master Fund continuously monitors the credit standing of each broker with whom it conducts business with. The amounts due from/to brokers are partially restricted until the obligation to deliver the securities sold, not yet purchased has been satisfied.

3. **Due from/to brokers and exchanges (continued)**

The amount due from an exchange generally represents receivables for funds held by the digital asset exchange which result from amounts transferred to the exchange to serve as deposits, amounts which have not yet been invested and proceeds from realized investment transactions. The Master Fund has a policy of reviewing, as considered necessary, the credit standing of each digital asset exchange with which it conducts business.

4. **Fair value**

The Master Fund utilizes various methods to measure the fair value of its investments on a recurring basis. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Master Fund has the ability to access.

Level 2 – Inputs, other than quoted prices included in Level 1, that are observable either directly or indirectly. These inputs may include: (a) quoted prices for similar assets in active markets; (b) quoted prices for identical or similar assets in markets that are not active; (c) inputs other than quoted prices that are observable for the asset; or (d) inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs that are unobservable and significant to the entire fair value measurement.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

A description of the valuation techniques applied to the Master Fund's major categories of assets and liabilities measured at fair value on a recurring basis follows.

Futures contracts

The Master Fund values futures contracts that are traded on an exchange at their last reported sales price. Futures contracts are generally categorized in Level 1 of the fair value hierarchy.

Forward contracts

The Master Fund values forward contracts based on the terms of the contract (including the notional amount and contract duration) and using observable inputs, such as currency exchange rates or commodity prices.

4. **Fair value (continued)**

Contracts for differences

The Master Fund values contracts for differences by taking the difference between the quoted price of the underlying security and the contract price. The Master Fund also considers counterparty credit risk in its valuation of contracts for differences. Contracts for differences are generally categorized in Level 2 of the fair value hierarchy.

Digital Assets

The Master Fund's investment in digital assets are stated at fair value. Digital assets are generally valued using the closing price reported by CoinMarketCap ("CoinMarketCap") as of 11:59 pm UTC on the valuation date, although the Investment Manager has substantial discretion in determining the value of the Master Fund's assets. In the absence of price from Coinmarketcap, closing price of the exchange for each Digital Asset on the Valuation Day.

Digital asset transactions are recorded on the trade date. Realized gains and losses from digital asset transactions are determined using the first in, first out method. Any change in net unrealized gain or loss is reported in the statement of operations. Commissions and other trading fees are reflected as an adjustment to cost or proceeds at the time of the transaction.

The Master Fund bears the risk of loss only to the extent of the fair value of its respective investments and, in certain specific circumstances, distributions and redemptions received.

The following table summarizes the inputs used to value the Master Fund's assets and liabilities measured at fair value as of December 31, 2020:

Assets	Level 1	Level 2	Level 3	Total
Digital assets	$ 586,093,597	$ 610,222,663	$ -	$ 1,196,316,260
Derivative financial instruments	$ -	$ 16,382,462	$ -	$ 16,382,462
Private fund investment	$ -	$ -	$ 39,139,334	$ 39,139,334
	$ 586,093,597	$ 626,605,125	$ 39,139,334	$ 1,251,838,056

Liabilities	Level 1	Level 2	Level 3	Total
Contracts for difference	$ -	$ 44,779,833	$ -	$ 44,779,833
		$ 44,779,833		$ 44,779,833

The following table presents changes in investments for financial instruments classified within Level 3 for the year ended December 31, 2020. The classification of a financial instrument within Level 3 is based upon the significance of the unobservable inputs to the overall fair value measurement.

Assets (at fair value)	Purchases	Net transfers in/(out)
Private fund investment	$ 39,139,334	-
Total	$ 39,139,334	-

There were no transfers between levels of the fair value hierarchy during the year ended December 31, 2020.

4. **Fair value (continued)**

Quantitative information regarding the significant unobservable inputs the Master Fund uses to determine the fair value of Level 3 investments held as of December 31, 2020 is as follows:

	Fair Value at December 31, 2020	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Private fund investment	$ 39,139,334	Unadjusted NAV	N/A	N/A

5. **Financial instruments and risk management**

(a) Derivative financial instruments and risk management

The Master Fund may invest in certain derivative instruments, which are transactions whose values depend on or are derived from (in whole or in part) the value of one or more other assets, such as securities, currencies, commodities or indices. Such derivative instruments may be used to maintain cash reserves while maintaining exposure to certain other assets, to offset anticipated declines in values of investments, to facilitate trading, to reduce transaction costs, and to pursue higher investment returns. Derivative instruments may also be used to mitigate certain investment risks, such as foreign currency exchange rate risk, interest rate risk and credit risk or for non-hedging purposes as a means of making direct investments.

These instruments are subject to various risks similar to non-derivate instruments, including market, credit, liquidity, and perational risks. The Master Fund manages these risks on an aggregate basis along with the risks associated with its investing activities as part of its overall risk management policies. The Master Fund records its trading-related derivative activities on a fair value basis, as such these derivative instruments do not qualify for ASC 815 hedge accounting. Accordingly, even though the Master Fund's investments in derivatives may represent economic hedges, they are considered to be non-hedge transactions for purposes of ASC 815 disclosures. Derivative contracts held as of the report date are included in the consolidated condensed schedule of investments and are not netted by counterparty. The principal types of derivatives utilized by the Master Fund, as well as the methods in which they are used, are:

Forward currency contracts

The Master Fund is subject to foreign exchange rate risk in the normal course of pursuing its investment objectives. The Master Fund enters into forward foreign currency exchange contracts primarily to speculate on foreign currencies and to hedge market risk. A forward currency contract is a commitment to purchase or sell foreign currency at a future date at a negotiated forward rate.

Unrealized gain or loss on the contracts is measured by the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date and is included in the consolidated statement of assets and liabilities.

Futures contracts

The Master Fund may trade futures contracts, which are subject to equity and commodity price risk, interest rate risk and foreign currency exchange rate risk. A futures contract is a firm commitment to buy or sell a specified quantity of a standardized amount of a deliverable grade security, cash, or commodity at a specified price and specified future date unless the contract is closed before the delivery date.

5. **Financial instruments and risk management (continued)**

(a) Derivative financial instruments and risk management (continued)

Contracts for differences

Contracts for differences involve an agreement by the Master Fund and a counterparty to exchange the difference between the opening and closing price of the position underlying the contract, which is generally an equity security. Therefore, amounts required for the future satisfaction of the contracts for differences may be greater or less than the amount recorded.

Risks may arise as a result of the failure of the counterparty to a contract for differences to comply with the terms of the contract for differences.

At December 31, 2020, the notional amount of the Master Fund's derivative financial instruments, which were representative of the average exposure during the year, are as follows (expressed in $000's):

	Long Exposure	*Short Exposure*
Contracts for difference	$ 213,760,664	$ (1,112,442)
	$ 213,760,664	$ (1,112,442)

The locations on the statement of assets and liabilities of the Master Fund's derivative positions by type of exposure, all of which are not accounted for as hedging instruments are as follows:

	Asset Derivatives	*Liability Derivatives*
Unrealized gains on derivative financial instruments		
Contracts for difference	$ 2,034,343	$ 44,779,833
Options	$ 13,995,740	$ -
Total unrealized gains on derivative financial instrument	$ 16,030,083	$ 44,779,833

Realized and unrealized gains and losses on derivative contracts entered into during the year ended December 31, 2020 by the Master Fund are recorded in net realized results on derivative contracts and foreign currency transactions or net change in unrealized results on derivative contracts , in the statement of operations respectively:

5. **Financial instruments and risk management (continued)**

(a) Derivative financial instruments and risk management (continued)

	Realized Gain (Loss)	*Change in Unrealized Gain (Loss)*
Contracts for difference	$ 11,602,270	$ (42,745,490)
Foreign exchange forward contracts	6,099	14,792
Foreign exchange spot contracts	(135,868,486)	(73,464)
Swap	(10,657)	-
Future contracts	(1,708,390)	-
Options	29,076,550	13,995,740
Cryptocurrency exchange-traded funds	294,145,342	-
Total	$ 197,242,728	$ (28,808,422)

As of December 31, 2020, the Master Fund's derivative contracts are not subject to a master netting arrangement.

The Master Fund's derivative contracts are presented on a gross basis in "Unrealized gains on open derivative financial instruments" and "Unrealized losses on open derivative financial instruments" on the statement of assets and liabilities.

(b) Digital assets and risk management

The Master Fund may invest in Digital Assets, which may be traded on digital asset exchanges and with over-the-counter ("OTC") counterparties. The Master Fund is subject to various risks including market risk, liquidity risk, and other risks related to its investments in digital assets. Investing in digital assets is currently unregulated, highly speculative, and volatile. The net asset value of the Master Fund relates directly to the value of the digital assets held by the Master Fund, and fluctuations in the price of digital assets could materially and adversely affect an investment in the Master Fund. The price of digital assets has a limited history. During such history, digital asset prices have been volatile and subject to influence by many factors including the levels of liquidity. If digital asset markets continue to experience significant price fluctuations, the Master Fund may experience losses. Several factors may affect the price of digital assets, including, but not limited to, global digital asset supply and demand, theft of digital assets from global exchanges or vaults, and competition from other forms of digital asset or payments services.

The loss or destruction of a private key required to access a Bitcoin and other cryptocurrencies may be irreversible. The Master Fund's loss of access to its private keys or its experience of a data loss relating to the Master Fund's Bitcoin and other cryptocurrencies could adversely affect an investment in the Participating Shares of the Master Fund.

5. **Financial instruments and risk management (continued)**

(b) Digital assets and risk management (continued)

The following details the fair value of the Master Fund's accounts held by these parties at December 31, 2020:

	Fair Value
Digital assets held in private wallets	$ 235,959,493
Investment in digital asset exchanges	
Binance	125,832,080
BITFINEX	7,378,995
Bitmax	5,554
Bitmex	18,472,827
Bybit	47,168,866
Coinbase	6,282,495
Deribit	(4,519,292)
FTX	65,287,537
Huobi	105,260,076
Kraken	201,149
MXC	7
OKEx	2,837,612
Switcheo	55,264
	374,263,170
Investment in cryptocurrency exchange-traded funds	
Grayscale Digital Large Cap Fund	18,121,630
Grayscale Ethereum Classic Trust	3,279,438
Grayscale Ethereum Trust	25,611,648
Grayscale Bitcoin Trust	539,080,881
	586,093,597
Total investment in digital assets	$ 1,196,316,260

Custody of the Master Fund's Assets

The Investment Manager shall maintain custody of the Master Fund's digital assets, by generating the private keys that control movement of the digital asset. Digital asset exchanges may also require the Investment Manager to provide control of the private keys when an exchange is utilized by the Master Fund. The Investment Manager is responsible for taking such steps as it determines, in its sole judgment, to be required to maintain access to these keys, and prevent their exposure from hacking, malware and general security threats. The Investment Manager is not liable to the Master Fund or to shareholders for the failure or penetration of the security system absent gross negligence, fraud or criminal behavior on the part of the Investment Manager. To the extent that the security system is penetrated, any loss of the Master Fund's digital assets may adversely affect a shareholder's investment, and could result in total loss of capital.

5. **Financial instruments and risk management (continued)**

(b) Digital assets and risk management (continued)

Custody of the Master Fund's Assets (continued)

The Master Fund has a substantial portion of its assets custodied on various digital asset exchanges, financial institutions, or held in private wallets in connection with its trading of certain investments and its cash management activities. In the event of a party's insolvency, recovery of the Master Fund's assets on deposit may be lost. As the Master Fund custodies a substantial portion of its assets on various exchanges, financial institutions, and private wallets, the Master Fund has group concentrations of credit risk with these parties.

Hard forks

Many digital assets are open source projects with a core group of developers, however there is no developer or group of developers with formal control. Any individual with the open source network software can make software modifications, which users and miners may consent to by downloading the altered software or upgrade that implements the changes. If a modification is not accepted by a vast majority of users and miners, but is accepted by a substantial population of participants in the project, a "hard fork" in the blockchain can develop two separate networks, one running the premodification software and the other running the modified version. This kind of split could materially and adversely affect the value of the Master Fund's investments and in the worst case scenario, harm the sustainability of the affected digital assets.

The Master Fund generally records receipt of a new digital asset created due to a hard fork at the time the hard fork is effective. Some exchanges do not honor hard forks or may honor hard forks in the future. In such cases, the Master Fund will record receipt of the new digital asset at the time the exchange announces it will credit the Master Fund's account. The Master Fund does not allocate any of the original digital asset's cost to the new digital asset and recognizes unrealized gains equal to the fair value of the new digital asset received.

Digital Assets Trading is Volatile and Speculative

Digital assets represent a speculative investment and involve a high degree of risk. As relatively new products and technologies, digital assets have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of the demand for digital assets is generated by speculators and investors seeking to profit from the short or long-term holding of digital assets. The relative lack of acceptance of digital assets in the retail and commercial marketplace limits the ability of end-users to pay for goods and services with digital assets. A lack of expansion by digital assets into retail and commercial markets, or a contraction of such use, may result in increased volatility.

Risk of Loss of Private Key

Digital assets are controllable only by the possessor of unique private keys relating to the addresses in which the digital assets are held. The theft, loss or destructions of a private key required to access a digital asset is irreversible, and such private keys would not be capable of being restored by the Master Fund. Any loss of private keys relating to digital wallets used to store the Master Fund's digital assets could result in the loss of the digital assets and a shareholder could incur substantial, or even total, loss of capital.

5. **Financial instruments and risk management (continued)**

(b) Digital assets and risk management (continued)

Technology and Security

The Master Fund must adapt to technological change in order to secure and safeguard client accounts. While the Investment Manager believes it has developed an appropriate proprietary security system reasonably designed to safeguard the Master Fund's digital assets from theft, loss, destruction or other issues relating to hackers and technological attack, such assessment is based upon known technology and threats. To the extent that the Master Fund is unable to identify and mitigate or stop new security threats, the Master Fund's digital assets may be subject to theft, loss, destruction or other attack, which could have a negative impact on the performance of the Master Fund or result in loss of the Master Fund's assets.

Counterparty Risk

Some of the markets in which the Master Fund may effect its transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange–based" markets. This exposes the Master Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Master Fund to suffer a loss. Such "counterparty risk" is accentuated for digital assets where the Master Fund has concentrated its transactions with a single or small group of counterparties. The Master Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, the Master Fund has no internal credit function that evaluates the creditworthiness of its counterparties. The ability of the Master Fund to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Master Fund.

Market Risk

The Master Fund engages in the speculative trading of digital assets. Such trading activities expose the Master Fund to market risk. Market risk is the potential for changes in fair value of financial instruments from market changes, including fluctuations in market prices. Market risk is directly affected by the volatility and liquidity in the markets in which the related underlying assets are traded. The Master Fund manages its exposure to market risk related to trading instruments on an aggregate basis combining the effects of cash instruments and digital assets. The Investment Manager has established procedures to actively monitor market risk and minimize exchange and counterparty risk, although there can be no assurance that it will, in fact, succeed in doing so.

6. **Administration fee**

Under the terms of the Administration Agreement dated December 5, 2019 between ASCENT Master Fund Services (Singapore) Pte. Ltd. (the "Administrator") and the Master Fund, the Administrator receives a fee of net asset value of the Master Fund calculated monthly in arrears and payable in ten (10) business days after the invoice has been sent to the Master Fund and Feeder Fund.

7. **Share capital**

The Master Fund is authorized to issue a maximum of 50,000 shares divided into 100 voting, non-redeemable, non-participating shares of US$0.01 par value each ("Management Shares") and 49,900 participating shares with eight classes, each having the rights and restrictions as set out in the Memorandum and Articles of Association or relevant Written/Board Resolutions of US$0.01 par value each. Each class of shares except for Share Class B is referred to as "Participating Shares". Share Class B is referred to as “Restricted Participating Shares”. The Participating Shares and Restricted Participating Shares are as follows: The Participating Shares and Restricted Participating Shares are as follows:

(a) Non-voting redeemable participating Class Three Arrows Fund, LP shares
(b) Non-voting redeemable participating Class Three Arrows Fund, Ltd. shares
(c) Non-voting redeemable restricted participating Class Three Arrows Fund, Ltd. Shares - Share Class B
(d) Non-voting redeemable participating Class Three Arrows Fund, Ltd. Shares - Share Class DeFiance

Each class of shares shall be divided into such series as the Directors determine and will be issued in the currency of the United States.

The Management Shares carry voting rights, do not participate in profits or losses of the Master Fund and are not redeemable. All of the outstanding Management Shares are held by the Investment Manager. The Participating shares do not carry voting right, are entitled to participate in profits or losses of the Master Fund and are redeemable at the option of the shareholders.

The Participating Shares are initially issued at US$ 5,000 per share. Additional shares may be subscribed at the first business day of each calendar month, or at such other time as determined by the discretion of the Directors at the offering price per share of the relevant class. Effective October 2015, the initial issuance price of the Participating Shares was reduced to US$ 1,000 per share. The initial issuance price of the Restricted Participating Shares is at US$1,000 per share.

The Participating Shares and Restricted Participating Shares are redeemable at the last business day of each calendar month end, or at such other time as determined by the discretion of the Directors, upon a 50 days prior written notice (prior to October 2015, this was 15 days prior written notice), at the NAV per share as of the close of the business day on the redemption date, after giving effect to the certain adjustment and subject to the redemption gate. Redemptions will generally be paid within thirty (30) days of the redemption date. The Directors will have the right, at their discretion, to withhold up to 5% of the amount of the redemption, at least 95% of the redemption amount will be paid within 30 days of the redemption date. The Master Fund will pay the balance, if any, or require the repayment of any overpayments, without interest, within 30 days after the completion of the audit for the fiscal year in which such redemption is made.

Transactions in the Shares of the Master Fund during the year ended December 31, 2020 are as follows:

Share Class	**Shares at betinnging of year**	**Shares issued**	**Shares redeemed**	**Shares at end of year**
Three Arrows Fund, LP	610.84	-	(610.84)	-
Three Arrows Fund, Ltd.	150.85	-	(150.85)	-
Three Arrows Fund, Ltd. - Share Class B	7,000.00	5,085.74	(1,510.55)	10,575.19
Three Arrows Fund, Ltd. - Share Class DeFiance	-	278,052.67	(269.86)	277,782.81

8. **Financial highlights**

Financial highlights for the year ended December 31, 2020 were as follows:

	Three Arrows Fund, LP*	Three Arrows Fund, Ltd*
NAV per share at January 1, 2020	$ 3,477.42	$ 39,466.50
Income from investment operations		
Net Investment expenses	(7.25)	(82.30)
Net realized and unrealized losses on investments	(5.33)	(60.53)
Total from investment operations	(12.58)	(142.83)
Redemptions during the year	(3,464.84)	(39,323.67)
NAV per share at December 31, 2020	$ -	$ -
Total return for the year ended December 31, 2020		
Total return before performance fee	(0.36%)	(0.36%)
Performance fee	-	-
Total return after performance fee	(0.36%)	(0.36%)
Supplemental data		
Ratio of expenses to average net assets		
Operating expenses	(0.25%)	(0.25%)
Performance fee	-	-
Total expenses	(0.25%)	(0.25%)
Ratio of net investment income to average net assets		
Net investment expenses before performance fee	(0.21%)	(0.21%)
Performance fee	-	-
Total net investment expense	(0.21%)	(0.21%)

** These series were fully redeemed on February 1, 2020.*

8. **Financial highlights (continued)**

	Three Arrows Fund, Ltd - Share Class B	Three Arrows Fund, Ltd - Share Class DeFiance
NAV per share at January 1, 2020/September 1, 2020	$ 1,050.48	$ 100.00
Income from investment operations		
Net Investment expenses	(2,177.77)	-
Net realized and unrealized losses on investments	64,267.99	26.58
Total from investment operations	62,090.22	26.58
NAV per share at December 31, 2020	$ 63,140.69	$ 126.58
Total return for the year ended December 31, 2020		
Total return before performance fee	5,910.63%	26.59%
Performance fee	-	-
Total return after performance fee	5,910.63%	26.59%
Supplemental data		
Ratio of expenses to average net assets		
Operating expenses	(31.82%)	-
Performance fee	-	-
Total expenses	(31.82%)	-
Ratio of net investment income to average net assets		
Net investment expenses before performance fee	(14.82%)	-
Performance fee	-	-
Total net investment expense	(14.82%)	-

9. **Subsequent events**

From January 1, 2021 to date, the Master Fund recorded subscriptions of $1,387,914 and redemptions of $2,610,289.

The Board of Directors has assessed and evaluated all subsequent events arising from the date of the statement of assets and liabilities up to date and has concluded that no additional disclosure is required.

3-May-12	ZHU	Su	Singaporean	2-Apr-87	238 Orchard Road #36-08,	238 Orchard Road #36-08,	30-Oct-15
				China	Singapore 237973	Singapore 237973	
3-May-12	DAVIES	Kyle Livingston	Italian	14-May-87	104 Emerald Hill Road	104 Emerald Hill Road	14-Feb-20
				U.S.A.	Singapore 229380	Singapore 229380	
30-Oct-15	DUBOIS	Mark James	South African	25-Mar-47	Soldier Hill	Soldier Hill	
				South Africa	Tortola, VG1110	Tortola, VG1110	
					British Virgin Islands	British Virgin Islands	
30-Oct-15	TERHUNE	Hannah Marion	American	21-Aug-63	Blakiston Lane	Blakiston Lane	22-Dec-17
				U.S.A.	Warwick MD 21912	Warwick MD 21912	
					USA	USA	
22-Dec-17	Elfwood Limited		BVI NO. 664752	5-Jul-05	1st Floor Columbus Centre		30-Apr-19
				Virgin Islands, British	Road Town, Tortola VG1110		
					British Virgin Islands		
14-Feb-20	Zhu	Su	Singapore Citizen	2-Apr-87	26 Balmoral Road	26 Balmoral Road	
				China	Goodwood Grand	Goodwood Grand	
					Singapore 259827	Singapore 259827	

NAME OF COMPANY: **Three Arrows Capital, Ltd**

COMPANY NO.: **1710531**

REGISTER OF DIRECTORS

Important Notes: (i) Directors must be appointed within 6 months from the date of incorporation of the Company and an original or a copy of the updated register of directors provided to the Registered Agent (RA) to be kept at the registered office. (ii) a copy of the register must be provided to the RA within **15 days of any change.** (iii) A copy of the register must also be be filed with the Registrar of Companies (ROC) within **21 days of the first appointment of directors** and any change filed with the ROC within **30 days of the changes.** (iv) If the register of directors is not kept at the registered office, the Company must inform the RA where the register is kept and any change to the location must be advised to the RA **within 14 days.**

18-Feb-20	Pau	Cheuk Yao	Chinese	31-Aug-81	Flat F, 8/F Merry Court	Flat F, 8/F Merry Court	19-Aug-21
				Hong Kong	10 Castle Road	10 Castle Road	
					Hong Kong	Hong Kong	
19-Aug-21	DAVIES	Kyle Livingston	Singaporean	14-May-87	13 Ocean Way #06-39	13 Ocean Way #06-39	
				U.S.A.	Singapore 098373	Singapore 098373	

I hereby certify that this document is a true copy of the original as seen.

Full Name: Sandra WU
Location of certification: Hong Kong
Address: Suite 904, 9/F, No. 93 – 103 Wing Lok Street, Sheung Wan, Hong Kong
Date of certification:
Position: Solicitor (License no. S013188)
Contact No.: +852 6086 9770

NAME OF COMPANY: **Three Arrows Capital, Ltd**

COMPANY NO.: **1710531**

REGISTER OF DIRECTORS

Important Notes: (i) Directors must be appointed within 6 months from the date of incorporation of the Company and an original or a copy of the updated register of directors provided to the Registered Agent (RA) to be kept at the registered office. (ii) a copy of the register must be provided to the RA within **15 days of any change.** (iii) A copy of the register must also be be filed with the Registrar of Companies (ROC) within **21 days of the first appointment of directors** and any change filed with the ROC within **30 days of the changes.** (iv) If the register of directors is not kept at the registered office, the Company must inform the RA where the register is kept and any change to the location must be advised to the RA **within 14 days.**

NAME	Three Arrows Capital Pte. Ltd.												Occupation
Address	7 Temasek Blvd, #06-03A, Suntec Tower One, Singapore 038987												Hedge Fund Company
Date	No. of Transfer Deed	Shares Acquired					Shares Transferred					Balance of Shares Held	Remarks
		Certificate Number	Distinctive Nos. From	Distinctive Nos. To	No. of Shares	Amt. Pd. Per Share	Certificate Number	Distinctive Nos. From	Distinctive Nos. To	No. of Shares	Amt. Pd. Per Share		
5-Nov-13		2	1	100	100	USD0.01	—	—	—	—	—	100	T/F: 'TAC, LLC'

NAME OF COMPANY: **Three Arrows Capital, Ltd**

Page No. 2

Class of Share: Mgt. Shares

Nominal Value Per Share: USD0.01

REGISTER OF SHARES

PAUL'S CONTACT
(t) 1 (284) 346 4342
(e) ppretlove
@kaloadvisors.com

PAUL'S EXPERTISE

Crypto and digital assets, Cross-border asset tracing and recovery, regulatory enforcement, commercial and shareholder disputes, contentious director and trustee appointments, solvent liquidations

PAUL PRETLOVE
MANAGING DIRECTOR - BVI

Paul applies his offshore asset-tracing and fraud investigation experience to assist stakeholders in achieving financial recovery through formal insolvency appointments and complex cross-border litigation. During 20 years in the insolvency profession in the BVI, the Cayman Islands and the United Kingdom, he has overseen the tracing and recovery of assets from the United States, Hong Kong, mainland China, Singapore, Panama, Russia, Dubai, and Switzerland. Paul is a fellow of the Association of Chartered Certified Accountants, a fellow of the Association of Business Recovery Professionals, a fellow of the Insolvency Practitioners Association and a licensed insolvency practitioner in both the BVI and the United Kingdom.

RECENT MAJOR ENGAGEMENTS

- Served as the first 'soft touch' Provisional Liquidator in the BVI in respect of 11 British Virgin Islands companies in support of a wider and successful cross border restructuring of over $600m in secured notes for one of the world's leading offshore and onshore oil and gas drilling businesses.
- Served as joint liquidator of two BVI registered Madoff feeder funds, pursuing extensive and complex cross-border litigation on behalf of investors that suffered multibillion-dollar losses. Achieved settlement recovering hundreds of millions of dollars for victims.
- Served as Receiver of a St Lucian registered company with a significant claim in the Madoff estate, which was disputed. Achieved the most favourable settlement with the Madoff Trustee to date including a discount on the repayment of 2 year withdrawals recovering tens of millions of dollars for creditors.
- Served as Liquidator of a BVI registered and regulated foreign currency trading company with its operations in the United Arab Emirates, which became embroiled in a multi-million dollar fraud with thousands of victims. My appointment was the first time a BVI court appointed liquidator had been recognised in both the Dubai International Financial Centre Courts and in the Emirate of Dubai.
- Served as Liquidator of the Antiguan registered and based bank owned by Stanford Financial Group and central to the Ponzi scheme run by Allen Stanford.

CHARLOTTE'S CONTACT
(t) 1 (284) 346 5996
(e) ccaulfield
@kaloadvisors.com

CHARLOTTE'S EXPERTISE

Cross-border asset tracing and recovery, regulatory enforcement, commercial and shareholder disputes, contentious director and trustee appointments, solvents liquidations.

CHARLOTTE CAULFIELD
MANAGING DIRECTOR - BVI

Charlotte's career in the field of insolvency and asset recovery extends to over twenty-five years. Starting her career in the UK, she has been based in, and licensed as an Insolvency Practitioner in the BVI since 2009. She joined the Kalo team in 2019, joining as joint Managing Director of our BVI office, having left her role as Managing Director in another leading fraud and asset-recovery firm in BVI. Charlotte is a fellow of the Association of Business Recovery Professionals and a fellow of the Insolvency Practitioners Association and a member of IWIRC.

RECENT MAJOR ENGAGEMENTS

- Serves as joint provisional liquidator of property fund with $850 million of commercial and residential properties in Brooklyn, New York in support of Chapter 11 restructuring
- Served/serves as joint liquidator of five BVI registered Madoff feeder funds, pursuing and defending extensive and complex cross-border litigation on behalf of investors that suffered multibillion-dollar losses, including Chapter 15 recognition. A number of precedent making litigation matters were ultimately determined by the Privy Council or Second Circuit.
- Served as liquidator of an insolvent gold mining entity, successfully realizing the sale of its underlying West African subsidiaries, to enable creditors to be paid in full, and the Company taken out of liquidation and returned to the management of the Company's directors and shareholders.
- Served as joint administrative receiver of a group of entities involved in the collapse of the largest global producer of ilmenite and other mining assets in Australia.
- Led the investigation into a USD$30 million fraud and obtained letters of requests for assistance by the Israeli Courts, the first time such assistance had been successfully obtained.
- Liquidator of a BVI Company on the petition of a judgment creditors. Significant forensic investigations and bank tracing to recover $10 million from directors who have allowed company assets to be deliberately diminished out of the reach of creditors.
- Investigated cigarette manufacturing entity operating in the Caribbean which de-frauded investors, at the instruction of the Attorney General.

JAMES' CONTACT

(t) 1 (284) 346 8815

(e) jdrury @kaloadvisors.com

JAMES DRURY
DIRECTOR

James joined Kalo from a 'Big 4' accountancy firm with over 17 years of corporate restructuring & recovery experience in the UK, Cayman Islands and BVI.

James has a broad range of experience, managing a number of high profile multi- jurisdictional engagements including complex insolvency, restructuring, forensic and advisory focused engagements across multiple industry sectors. James has recently been spearheading the BVI's cryptocurrency initiatives with the establishment of a number of forums as well as being an active member of BVI Finance's Digital Asset Working Group.

JAMES' EXPERTISE

Crypto and digital assets, Cross-border asset tracing and recovery, commercial and Cross-border insolvency, shareholder disputes and extensive forensic recovery and advisory experience.

RECENT MAJOR ENGAGEMENTS

- Investigating instances of hacking of digital accounts and wallets and the theft of digital tokens or other assets leading to seeking and obtaining courts orders for disclosure against unknown persons (often hackers or scammers) and obtaining freezing orders against those persons and any accounts and wallets associated with them.
- Recovering digital assets from centralised cryptocurrency exchanges.
- Appointed Liquidator of three regulated crypto funds.
- Liaising with exchanges, token issuers and law enforcement agencies with a view to identifying and achieving the quickest and most effective route to recovery of assets.
- Court appointed liquidation on the petition of the BVI Financial Services Commission of BVI 's first regulated insurance company which offered insurance-based investment products to Swedish, Danish & Norwegian individuals. The company had over 6,000 policyholders and €115m of assets on appointment.
- Court appointing liquidation of two BVI registered Madoff feeder funds, pursuing extensive and complex cross-border litigation on behalf of investors that suffered multibillion-dollar losses. Achieved settlement recovering hundreds of millions of dollars for victims.
- Court appointed liquidation of a Cayman entity including a $9.8 billion dollar cross-border/multi-jurisdictional liquidation in the financial sector with large and complex debt and group structures. This liquidation involved a large element of fraud and includes extensive asset tracing exercises.

Three Arrows Capital Ltd
7 Temasek Boulevard
#21-04 Suntec Tower One
Singapore 038987

This is to confirm loan balances as of 26 Jun 2022 for the below counterparty:

Borrower: Three Arrows Capital Ltd

Lender: Su Zhu

Borrowed asset:

Asset	Amount
USD	5,085,401.88

THREE ARROWS CAPITAL LIMITED.
(the "Company")

WRITTEN RESOLUTION OF THE SHAREHOLDERS OF THE COMPANY PURSUANT TO ARTICLE 117 OF THE ARTICLES OF ASSOCIATION

BACKGROUND

The Company invests heavily in cryptocurrency and maintains leveraged positions, financed by lenders. The recent crash in cryptocurrency prices has led to a default by the Company pursuant to the terms of the loans. The Company has received notice of default from a significant number of its lenders. On 22 June 2022 the Company was served with a statutory demand by Singapore Bitget Pte Ltd for in excess of $10 million.

The Company recognises that at this time here is extreme difficulty in ascertaining the value of the client's assets at this stage. This is because: (a) of the wild fluctuations in the cryptocurrency markets; and (b) the portfolio managers who are managing sub-portfolios are not being cooperative is the valuation of these assets at this stage. There is concern that the managers of sub-portfolios are treating assets of the Company as assets of the sub-portfolios.

The Company is under significant financial pressure and is insolvent within the meaning of the BVI Insolvency Act 2003 as it is unable to meet the statutory demand referred to above. The Company is aware that several Creditors are contemplating commencing insolvency proceedings against the Company.

The Company is also aware that unsecured creditors in the USA have issued applications for monies to be paid to abide the outcome of an Urgent Arbitration. If such an application is granted at a hearing on 5 July 2022 that will have the effect of placing the secured creditor in a better position than it would otherwise have been in any Liquidation ahead of other unsecured creditors.

The Directors and Shareholders wish to act urgently to preserve the assets of the Company for the benefit of the Creditors.

We, the undersigned, being all the Shareholders of the Company entitled to receive notice of and attend and vote at a meeting of the Shareholders of the Company, **HEREBY RESOLVE** in writing as follows:

APPLICATION TO APPOINT LIQUIDATORS

1. The need for notice of this written resolution is waived.
2. The Company will make an urgent application to the Eastern Caribbean Supreme Court, Territory of the British Virgin Islands, Commercial Division to appoint Charlotte Caulfield and Paul Pretlove of the firm Kalo Advisers, PO Box 4571, 4th Floor LM Business Centre, Fish Lock Road, Road Town, Tortola, British Virgin Islands as Joint Liquidators of the Company to act Jointly and Severally.

COUNTERPARTS AND ELECTRONIC COMMUNICATION

1. **THAT** these written resolutions may be signed as one instrument or consist of several counterparts, including written electronic communications including e-mailed, facsimiled, imaged, scanned, photographed or portable document format or represented by any other substitute for writing or partly one and partly another, in like form each signed or assented to by one or more Directors and all the counterparts shall together constitute one and the same instrument.

Kyle Davies (Jun 27, 2022 08:11 GMT+8)

NAME: **KYLE LIVINGSTON DAVIES**
As a Director of, and on behalf of
SHAREHOLDER: **THREE ARROWS CAPITAL PTE LTD**
DATE: 26 June 2022

Su Zhu (Jun 27, 2022 08:15 GMT+8)

NAME: **ZHU SU**
SHAREHOLDER
As a Director of, and on behalf of
SHAREHOLDER: **THREE ARROWS CAPITAL PTE LTD**
DATE: 26 June 2022

NOTE: These resolutions shall be deemed to be effective as from the date that the last signature is affixed to this instrument or the last of several such instruments. Each instrument must be forwarded to the registered agent of the Company for filing with the minutes of the meetings of the Shareholders of the Company.

2022.06.26 Shareholders Written Resolution

Final Audit Report 2022-06-27

Created:	2022-06-27
By:	Nichol Yeo (nicholyeo@solitairellp.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAPKnuidWpJhvxk69LIZrE5qJqpHM0My-p

"2022.06.26 Shareholders Written Resolution" History

Document created by Nichol Yeo (nicholyeo@solitairellp.com)
2022-06-27 - 0:08:37 AM GMT- IP address: 118.201.231.22

Document emailed to kyle@threearrowscap.com for signature
2022-06-27 - 0:09:03 AM GMT

Email viewed by kyle@threearrowscap.com
2022-06-27 - 0:09:14 AM GMT- IP address: 66.249.84.69

Document e-signed by Kyle Davies (kyle@threearrowscap.com)
Signature Date: 2022-06-27 - 0:11:59 AM GMT - Time Source: server- IP address: 182.253.196.115

Document emailed to Su Zhu (su.zhu@threearrowscap.com) for signature
2022-06-27 - 0:12:01 AM GMT

Email viewed by Su Zhu (su.zhu@threearrowscap.com)
2022-06-27 - 0:14:22 AM GMT- IP address: 182.253.196.115

Document e-signed by Su Zhu (su.zhu@threearrowscap.com)
Signature Date: 2022-06-27 - 0:15:04 AM GMT - Time Source: server- IP address: 182.253.196.115

Agreement completed.
2022-06-27 - 0:15:04 AM GMT

THREE ARROWS CAPITAL LIMITED.
(the "Company")

WRITTEN RESOLUTION OF THE DIRECTORS OF THE COMPANY PURSUANT TO ARTICLE 150 OF THE ARTICLES OF ASSOCIATION

BACKGROUND

The Company invests heavily in cryptocurrency and maintains leveraged positions, financed by lenders. The recent crash in cryptocurrency prices has led to a default by the Company pursuant to the terms of the loans. The Company has received notice of default from a significant number of its lenders. On 22 June 2022 the Company was served with a statutory demand by Singapore Bitget Pte Ltd for in excess of $10 million.

The Company recognises that at this time here is extreme difficulty in ascertaining the value of the client's assets at this stage. This is because: (a) of the wild fluctuations in the cryptocurrency markets; and (b) the portfolio managers who are managing sub-portfolios are not being cooperative is the valuation of these assets at this stage. There is concern that the managers of sub-portfolios are treating assets of the Company as assets of the sub-portfolios.

The Company is under significant financial pressure and is insolvent within the meaning of the BVI Insolvency Act 2003 as it is unable to meet the statutory demand referred to above. The Company is aware that several Creditors are contemplating commencing insolvency proceedings against the Company.

The Company is also aware that unsecured creditors in the USA have issued applications for monies to be paid to abide the outcome of an Urgent Arbitration. If such an application is granted at a hearing on 5 July 2022 that will have the effect of placing the secured creditor in a better position than it would otherwise have been in any Liquidation ahead of other unsecured creditors.

The Shareholders and Directors wish to act urgently to preserve the assets of the Company for the benefit of the Creditors.

We, the undersigned, being the majority of the Directors of the Company entitled to receive notice of and attend and vote at a meeting of the Directors of the Company, **HEREBY RESOLVE** in writing as follows:

APPLICATION TO APPOINT LIQUIDATORS

1. In so far as it is necessary the need for notice of this written resolution is waived.
2. The Company will make an urgent application to the Eastern Caribbean Supreme Court, Territory of the British Virgin Islands, Commercial Division to appoint Charlotte Caulfield and Paul Pretlove of the firm Kalo Advisers, PO Box 4571, 4th Floor LM Business Centre, Fish Lock Road, Road Town, Tortola, British Virgin Islands as Joint Liquidators of the Company to act Jointly and Severally.

COUNTERPARTS AND ELECTRONIC COMMUNICATION

1. **THAT** these written resolutions may be signed as one instrument or consist of several counterparts, including written electronic communications including e-mailed, facsimiled, imaged, scanned, photographed or portable document format or represented by any other substitute for writing or partly one and partly another, in like form each signed or assented to by one or more Directors and all the counterparts shall together constitute one and the same instrument.

Kyle Davies (Jun 27, 2022 08:11 GMT+8)

NAME: **KYLE LIVINGSTON DAVIES**
DIRECTOR
DATE

Su Zhu (Jun 27, 2022 08:14 GMT+8)

NAME: **ZHU SU**
DIRECTOR

DATE: 26 June 2022

NOTE: These resolutions shall be deemed to be effective as from the date that the last signature is affixed to this instrument or the last of several such instruments. Each instrument must be forwarded to the registered agent of the Company for filing with the minutes of the meetings of the Directors of the Company.

2022.06.26 Directors Written Resolution

Final Audit Report 2022-06-27

Created:	2022-06-27
By:	Nichol Yeo (nicholyeo@solitairellp.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAGPSeOzAlZk0vphQJYYQNZj5zz4VPZ-l_

"2022.06.26 Directors Written Resolution" History

Document created by Nichol Yeo (nicholyeo@solitairellp.com)
2022-06-27 - 0:07:50 AM GMT- IP address: 118.201.231.22

Document emailed to kyle@threearrowscap.com for signature
2022-06-27 - 0:08:11 AM GMT

Email viewed by kyle@threearrowscap.com
2022-06-27 - 0:08:23 AM GMT- IP address: 66.249.84.69

Document e-signed by Kyle Davies (kyle@threearrowscap.com)
Signature Date: 2022-06-27 - 0:11:11 AM GMT - Time Source: server- IP address: 182.253.196.115

Document emailed to Su Zhu (su.zhu@threearrowscap.com) for signature
2022-06-27 - 0:11:13 AM GMT

Email viewed by Su Zhu (su.zhu@threearrowscap.com)
2022-06-27 - 0:13:41 AM GMT- IP address: 182.253.196.115

Document e-signed by Su Zhu (su.zhu@threearrowscap.com)
Signature Date: 2022-06-27 - 0:14:04 AM GMT - Time Source: server- IP address: 182.253.196.115

Agreement completed.
2022-06-27 - 0:14:04 AM GMT

Chen Kaili Kelly
13 Ocean Way #06-39
Singapore 098373

26 June 2022

Three Arrows Capital Ltd
7 Temasek Boulevard
#21-04 Suntec Tower One
Singapore 038987

Dear Sirs

Letter of Support for Filing of Application for an Order for the Liquidation of Three Arrows Capital Ltd

I am an individual who has invested into Three Arrows Capital Ltd, through its feeder fund, Three Arrows Fund, Ltd. I enclose a copy the fund administrator's NAV statement showing my investment and its value as of 31 December 2021. I hold Class B – Sep 2021 Series shares, Class B-Lead Series shares and Class Warbler-Lead Series shares.

I am also a creditor of Three Arrows Capital Ltd, having lent USD 65,697,756.54 to Three Arrows Capital Ltd. A copy of your confirmation of my loan is also enclosed for your verification.

I understand that Three Arrows Capital Ltd intends to file a Court application for the winding down and liquidation of the company. I considered the circumstances of current cryptocurrency market conditions and having read the news reports, I believe that this is the best course of action for an orderly dissolution of the company's affairs and for the protection of the interests of its investors and creditors.

I am thus willing to confirm my support for the intended application.

Yours sincerely

Chen Kaili Kelly (Jun 27, 2022 08:39 GMT+8)

Chen Kaili Kelly

27 May 2022

Chen Kaili Kelly

Att: Chen Kaili Kelly
13 Ocean Way #06-39,
Singapore 098373
Singapore

Three Arrows Fund, Ltd.

Fund Performance for Three Arrows Fund, Ltd - Class B- Sep 2021 Series

		Net Asset Value
Opening Net Asset Value per Share	30 November 2021	USD 1,591.945
Closing Net Asset Value per Share	31 December 2021	USD 1,908.707
Performance for the period		19.90%

Summary of Shareholder Activity for the period

Transaction Type	Date	Consideration / (Proceeds)	NAV per Share USD	Shares Issued / (Redeemed)	Balance of Shares held
Opening Balance	30 November 2021				139,191.934
Closing Balance	31 December 2021				139,191.934

Shareholder Value as of 31 December 2021

Number of shares held	139,191.934
Net Asset Value per Share	1,908.707
Value of Shareholding	**USD 265,676,684.60**

27 May 2022

Chen Kaili Kelly

Att: Chen Kaili Kelly
13 Ocean Way #06-39,
Singapore 098373
Singapore

Three Arrows Fund, Ltd.

Fund Performance for Three Arrows Fund, Ltd - Class B-Lead Series

		Net Asset Value
Opening Net Asset Value per Share	30 November 2021	USD 436,687.233
Closing Net Asset Value per Share	31 December 2021	USD 523,578.563
Performance for the period		19.90%

Summary of Shareholder Activity for the period

Transaction Type	Date	Consideration / (Proceeds)	NAV per Share USD	Shares Issued / (Redeemed)	Balance of Shares held
Opening Balance	30 November 2021				2,193.568
Closing Balance	31 December 2021				2,193.568

Shareholder Value as of 31 December 2021

Number of shares held	2,193.568
Net Asset Value per Share	523,578.563
Value of Shareholding	**USD 1,148,505,374.87**

27 May 2022

Chen Kaili Kelly

Att: Chen Kaili Kelly
13 Ocean Way #06-39,
Singapore 098373
Singapore

Three Arrows Fund, Ltd.

Fund Performance for Three Arrows Fund, Ltd - Class Warbler-Lead Series

		Net Asset Value
Opening Net Asset Value per Share	30 November 2021	USD 96.233
Closing Net Asset Value per Share	31 December 2021	USD 95.799
Performance for the period		-0.45%

Summary of Shareholder Activity for the period

Transaction Type	Date	Consideration / (Proceeds)	NAV per Share USD	Shares Issued / (Redeemed)	Balance of Shares held
Opening Balance	30 November 2021				12,500.000
Closing Balance	31 December 2021				12,500.000

Shareholder Value as of 31 December 2021

Number of shares held	12,500.000
Net Asset Value per Share	95.799
Value of Shareholding	**USD 1,197,483.20**

Please contact the Fund Adminstrator at threearrowscapta@ascentglobalop.com should you require further information

Three Arrows Capital Ltd
7 Temasek Boulevard
#21-04 Suntec Tower One
Singapore 038987

This is to confirm loan balances as of 26 Jun 2022 for the below counterparty:

Borrower: Three Arrows Capital Ltd

Lender: Kelly Chen

Borrowed asset:

Asset	Amount
USD	65,697,756.54

2022.06.26 Letter from Kelly Chen

Final Audit Report 2022-06-27

Created:	2022-06-27
By:	Nichol Yeo (nicholyeo@solitairellp.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAabhYfA53KcEwSPnwjr2bOc5XR82r99ur

"2022.06.26 Letter from Kelly Chen" History

Document created by Nichol Yeo (nicholyeo@solitairellp.com)
2022-06-27 - 0:36:44 AM GMT- IP address: 118.201.231.22

Document emailed to kellychenkaili@gmail.com for signature
2022-06-27 - 0:37:11 AM GMT

Email viewed by kellychenkaili@gmail.com
2022-06-27 - 0:37:49 AM GMT- IP address: 172.225.72.254

Document e-signed by Chen Kaili Kelly (kellychenkaili@gmail.com)
Signature Date: 2022-06-27 - 0:39:41 AM GMT - Time Source: server- IP address: 182.253.196.115

Agreement completed.
2022-06-27 - 0:39:41 AM GMT

The Insolvency Act, 2003
The Insolvency Rules, 2005

Form 482(1)A
859

Consent to Act

Section 482(1)(b)
Rule 325

Court reference (if any)

Name of Company

(a) Three Arrows Capital Ltd (1710548)

(a) Insert full name of company

I,

(b)

Paul Pretlove of
Kalo (BVI) Limited
4th Floor, LM Business Centre
Fish Lock Road
Road Town, Tortola
British Virgin Islands

BVI Insolvency Practitioner Licence Number – INSOL/PL-F/14/049

(b) Insert the full name, address and insolvency practitioner license number

Hereby certify that I am authorised under the provisions of Part XX of the Insolvency Act, 2003 to act as an insolvency practitioner.

In accordance with the provisions of Rule 15 of the Insolvency Rules 2005:

(1) I consent to act as Liquidator of Three Arrows Capital Ltd if so appointed by the Court at a hearing to be scheduled by the Applicant.
(2) I have not had any prior professional relationship with Three Arrows Capital Ltd.
(3) I am eligible to act as an insolvency practitioner in respect of Three Arrows Capital Ltd.

(c) Insert whether consenting to act as administrator, administrative receiver, liquidator or provisional liquidator (and whether of a company or a foreign company), interim supervisor or supervisor

(d) Delete or complete alternative details as appropriate

The period of time for which this consent is valid is (f) six weeks from the date that this document is signed.

Signed _____ 26 June 2022

(e) Insert date

Please print name **Paul Pretlove**

(f) Insert period (not to exceed 6 weeks)

The Insolvency Act, 2003
The Insolvency Rules, 2005

Form 482(1)A
860

Consent to Act

Section 482(1)(b)
Rule 325

Court reference (if any)

Name of Company

(a) Three Arrows Capital Ltd (1710548)

(a) Insert full name of company

I,

(b)
Charlotte Caulfield of
Kalo (BVI) Limited
4th Floor, LM Business Centre
Fish Lock Road
Road Town, Tortola
British Virgin Islands

BVI Insolvency Practitioner Licence Number – INSOL/PL-F/19/077

(b) Insert the full name, address and insolvency practitioner license number

(c) Insert whether consenting to act as administrator, administrative receiver, liquidator or provisional liquidator (and whether of a company or a foreign company), interim supervisor or supervisor

Hereby certify that I am authorised under the provisions of Part XX of the Insolvency Act, 2003 to act as an insolvency practitioner.

In accordance with the provisions of Rule 15 of the Insolvency Rules 2005:

(1) I consent to act as Liquidator of Three Arrows Capital Ltd if so appointed by the Court at a hearing to be scheduled by the Applicant.
(2) I have not had any prior professional relationship with Three Arrows Capital Ltd.
(3) I am eligible to act as an insolvency practitioner in respect of Three Arrows Capital Ltd.

(d) Delete or complete alternative details as appropriate

(e) Insert date

(f) Insert period (not to exceed 6 weeks)

The period of time for which this consent is valid is (f) six weeks from the date that this document is signed.

Signed _____ 26 June 2022

Please print name **Charlotte Caulfield**

THIS IS THE EXHIBIT MARKED "**RC-4**"

REFERRED TO IN

THE 1ST AFFIDAVIT

OF **RUSSELL CRUMPLER**

AFFIRMED BEFORE ME

IN THE BRITISH VIRGIN ISLANDS

ON

THIS 8th DAY OF July 2022

BEFORE ME

A NOTARY PUBLIC

LORRAINE A. Y. LA ROSE
Notary Public
~~The Virgin Islands (UK)~~
My commission expires: 31st January 2023

VIGILATE NOTARIES
PO Box 2097, Road Town
Tortola, British Virgin Islands
Tel: (284) 345 5800 | www.vigilatenotaries.com

TERRITORY OF THE BRITISH VIRGIN ISLANDS
BVI BUSINESS COMPANIES ACT, 2004

CERTIFICATE OF INCORPORATION
(SECTION 7)

The REGISTRAR of CORPORATE AFFAIRS, of the British Virgin Islands HEREBY CERTIFIES, that pursuant to the BVI Business Companies Act, 2004, all the requirements of the Act in respect of incorporation having been complied with,

Three Arrows Capital, Ltd

BVI COMPANY NUMBER: **1710531**

is incorporated in the BRITISH VIRGIN ISLANDS as a BVI BUSINESS COMPANY, this 3rd day of May, 2012.

for REGISTRAR OF CORPORATE AFFAIRS
3rd day of May, 2012

This is a certified true copy of Certificate of Incorporation Section (7)
31/05/18

112

BVI Financial Services Commission, Registry of Corporate Affairs

Register of Companies Search Report

Date of Search : 23/06/2022
This search is accurate as at the Search Date above.

Company Name : Three Arrows Capital, Ltd

Company Number : 1710531

Company Type : BC New Incorporation **Date of Incorporation / Registration :** 03/05/2012

Current Status :

Status Description:	Active
Status Date:	03/05/2012
Current Registered Agent:	ABM CORPORATE SERVICES, LTD.
Current Registered Agent Address:	1st Floor, Columbus Centre P.O. Box 2283 Road Town Tortola VG1110 VIRGIN ISLANDS, BRITISH
Current Registered Agent Phone Number:	284 494 2933
Current Registered Agent Fax Number:	284 494 5172
Current Registered Office :	1st Floor, Columbus Centre P.O. Box 2283 Road Town Tortola VG1110 VIRGIN ISLANDS, BRITISH
Telephone:	
Agent Fax:	
Director Register Type :	Private

Share/Capital Information:

Maximum Number of Shares the company is authorized to issue:	50,000
Ability to Issue Bearer Shares:	No

Previous Names History

S.No	Previous Name	Foreign Character Name	Date Range or Cease Date From	To
1	Three Arrows Capital, Ltd		03/05/2012	

Transaction History

S.No	Date	Transaction Number	Description	Status	Eforms/Attachments
1	03/05/2012	T120245713	Application for Incorporation (BC)	Approved	Application for Incorporation (BC) Memorandum and Articles of the Company
2	03/05/2012	T120220741	Name Reservation (10 days)	Approved	Name Reservation (10 days)
3	22/06/2012	T120468885	Request for Certifications (BC)	Approved	Request for Certifications

4	22/06/2012 T120469289	Amendments of Memorandum and / Or Articles of Association	Approved	Amendments Of Memorandum And Or Articles Of Association The attachment restated memorandum/articles incorporates the amendment made
5	30/05/2013 T130410254	Annual Fee Submission (BC)	Approved	Annual Submission
6	10/10/2013 T130657658	Request for Certificate of Goodstanding	Approved	Request for Certificate of Good Standing
7	24/02/2014 T140084491	Request for Certificate of Goodstanding	Approved	Request for Certificate of Good Standing
8	15/05/2014 T140292862	Annual Fee Submission (BC)	Approved	Annual Submission
9	11/06/2014 T140448782	Application for Registration of Charge	Approved	Application For Registration Of Charge The attached particulars of the charge are an accurate description of it
10	29/01/2015 T150049114	Request for Certificate of Goodstanding	Approved	Request for Certificate of Good Standing
11	16/04/2015 T150203244	Annual Fee Submission (BC)	Approved	Annual Submission
12	09/11/2015 T150758528	Application for Registration of Charge	Approved	Application For Registration Of Charge The attached particulars of the charge are an accurate description of it
13	27/01/2016 T160045343	Amendments of Memorandum and / Or Articles of Association	Approved	Amendments Of Memorandum And Or Articles Of Association The attachment restated memorandum/articles incorporates the amendment made
14	31/05/2016 T160385823	Annual Fee Submission (BC)	Approved	Annual Submission
15	25/08/2016 T160586404	Request for Certifications (BC)	Approved	Request for Certifications
16	14/10/2016 T160869342	Register of Members or Directors	Approved	Register of Directors
17	05/05/2017 T170681021	Annual Fee Submission (BC)	Approved	Annual Submission
18	13/03/2018 T180164053	Application for Registration of Charge	Approved	Application For Registration Of Charge The attached particulars of the charge are an accurate description of it
19	28/05/2018 T180456015	Register of Directors - Registration of Changes	Approved	Register of Directors
20	30/05/2018 T180472039	Annual Fee Submission (BC)	Approved	Annual Submission
21	30/05/2018 T180471784	Request for Certificate of Goodstanding	Approved	Request for Certificate of Good Standing
22	11/04/2019 T190204568	Notice of Satisfaction or Release of Charge	Approved	Notice of Satisfaction or Release of Charge Details of Satisfaction or Release of Charge
23	26/04/2019 T190239941	Annual Fee Submission (BC)	Approved	Annual Submission
24	06/05/2019 T190268609	Register of Directors - Registration of Changes	Approved	Register of Directors
25	13/05/2019 T190295384	Request for Certificate of Goodstanding	Approved	Request for Certificate of Good Standing
26	30/07/2019 T190539578	Register of Directors - Registration of Changes	Approved	Register of Directors
27	17/03/2020 T200131295	Request for Certifications (BC)	Approved	Request for Certifications
28	26/03/2020 T200154364	Request for Certificate of Goodstanding	Approved	Request for Certificate of Good Standing
29	27/03/2020 T200155014	Register of Directors - Registration of Changes	Approved	Register of Directors
30	22/05/2020 T200317667	Annual Fee Submission (BC)	Approved	Annual Submission
31	15/06/2020 T200398898	Application for Registration of Charge	Approved	Application For Registration Of Charge The attached particulars of the charge are an accurate description of it
32	24/11/2020 T200765339	Request for Certificate of Goodstanding	Approved	Request for Certificate of Good Standing
33	23/03/2021 T210164887	Request for Certificate of Goodstanding	Approved	Request for Certificate of Good Standing

34	13/04/2021	T210203471	Request for Certificate of Goodstanding	Approved	Request for Certificate of Good Standing
35	14/04/2021	T210206096	Annual Fee Submission (BC)	Approved	Annual Submission
36	25/08/2021	T210601628	Register of Directors - Registration of Changes	Approved	Register of Directors
37	23/09/2021	T210656101	Amendments of Memorandum and / Or Articles of Association	Approved	Amendments Of Memorandum And Or Articles Of Association The attachment restated memorandum/articles incorporates the amendment made
38	08/03/2022	T220126356	Request for Certifications (BC)	Approved	Request for Certifications
39	05/04/2022	T220184000	Request for Certificate of Goodstanding	Approved	Request for Certificate of Good Standing
40	20/04/2022	T220210476	Annual Fee Submission (BC)	Approved	Annual Submission
41	09/06/2022	T220428227	Amendments of Memorandum and / Or Articles of Association	Approved	Amendments Of Memorandum And Or Articles Of Association The attachment restated memorandum/articles incorporates the amendment made
42	17/06/2022	T220441645	Application for Registration of Charge	Approved	Application For Registration Of Charge The attached particulars of the charge are an accurate description of it
43	21/06/2022	T220446638	Request for Certifications (BC)	Approved	Request for Certifications

Certificate History

S.No	Transaction No.	Type of Certificate	Date of Filing
1	T210164887	Certificate of Good Standing	23/03/2021
2	T220184000	Certificate of Good Standing	05/04/2022
3	T120245713	Certificate of Incorporation (Original)	03/05/2012
4	T120468885	Certificate of Incorporation (Certified)	22/06/2012
5	T130657658	Certificate of Good Standing	10/10/2013
6	T140084491	Certificate of Good Standing	24/02/2014
7	T140448782	Certificate of Registration of Charge	11/06/2014
8	T150049114	Certificate of Good Standing	29/01/2015
9	T150758528	Certificate of Registration of Charge	09/11/2015
10	T180164053	Certificate of Registration of Charge	13/03/2018
11	T180471784	Certificate of Good Standing	30/05/2018
12	T190204568	Certificate of Release of Charge	11/04/2019
13	T190295384	Certificate of Good Standing	13/05/2019
14	T200154364	Certificate of Good Standing	26/03/2020
15	T200398898	Certificate of Registration of Charge	15/06/2020
16	T200765339	Certificate of Good Standing	24/11/2020
17	T210203471	Certificate of Good Standing	13/04/2021
18	T220441645	Certificate of Registration of Charge	17/06/2022

DISCLAIMER:

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THIS IS THE EXHIBIT MARKED "**RC-5**"

REFERRED TO IN

THE 1ST AFFIDAVIT

OF **RUSSELL CRUMPLER**

AFFIRMED BEFORE ME

IN THE BRITISH VIRGIN ISLANDS

ON

THIS 8th DAY OF July 2022

BEFORE ME

A NOTARY PUBLIC

LORRAINE A. Y. LA ROSE
Notary Public
~~The Virgin Islands~~ *(UK)*
My commission expires: 31st January 2023

VIGILATE NOTARIES
PO Box 2097, Road Town
Tortola, British Virgin Islands
Tel: (284) 345 5800 | www.vigilatenotaries.com

VIRGIN ISLANDS

SECURITIES AND INVESTMENT BUSINESS ACT

Revised Edition
showing the law as at 1 January 2020

This is a revised edition of the law, prepared by the Law Revision Commissioner under the authority of the Law Revision Act 2014.

This edition contains a consolidation of the following laws—

Act 2 of 2010 .. in force 17 May 2010 (S.I. 21/2010) (except for Part II)

Amended by Act:
- 13 of 2012 .. in force 10 December 2012 (S.I. 61/2012)
- 7 of 2015 .. in force 1 June 2015 (S.I. 37/2015)
- 16 of 2015 .. in force 1 November 2016 (S.I. 60/2016)
- 12 of 2019 .. in force 31 December 2019 (S.I. 88/2019) except for section 3*

Amended by S.I.s:
- 42/2010 .. in force 30 July 2010
- 3/2011 .. in force 17 February 2011

SEE STATUTORY INSTRUMENTS BOOKLET

*Section 3 in force 1 July 2020

VIRGIN ISLANDS

SECURITIES AND INVESTMENT BUSINESS ACT

Revised Edition
showing the law as at 1 January 2020

This is a revised edition of the law, prepared by the Law Revision Commissioner under the authority of the Law Revision Act 2014.

This edition contains a consolidation of the following laws—

SEE STATUTORY INSTRUMENTS BOOKLET

* Section 3 in force 1 July 2020

Published in 2021
On the authority and on behalf of the Government of The Virgin Islands
by
The Regional Law Revision Centre Inc.

For information contact—

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Printed on the authority and on behalf of the Government of The Virgin Islands
by
The Regional Law Revision Centre Inc.
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Authorised Printers for this Revised Edition

SECURITIES AND INVESTMENT BUSINESS ACT

ARRANGEMENT OF SECTIONS

PART III

MUTUAL FUNDS

Interpretation

Prohibitions

Public funds

Private and professional funds

Recognised foreign funds

Provisions applicable generally to registered and recognised funds

General and administration

Offence Provisions

Final Provisions

SECURITIES AND INVESTMENT BUSINESS ACT

(Acts 2 of 2010, 13 of 2012, 7 of 2015 and 12 of 2019, S.I.s 42/2010 and 3/2011)

AN ACT TO PROVIDE FOR THE LICENSING, REGULATION AND SUPERVISION OF INVESTMENT BUSINESS, THE REGISTRATION OF PUBLIC MUTUAL FUNDS, THE RECOGNITION OF PROFESSIONAL AND PRIVATE MUTUAL FUNDS AND THE CONTROL OF OFFERS OF SECURITIES TO THE PUBLIC IN THE VIRGIN ISLANDS, TO CREATE OFFENCES RELATING TO INSIDER TRADING AND MARKET ABUSE AND TO PROVIDE FOR CORRECTED AND CONSEQUENTIAL MATTERS.

Commencement

[17 May 2010, except for Part II]

PRELIMINARY PROVISIONS

Short title

1. This Act may be cited as the Securities and Investment Business Act.

Interpretation

2. (1) In this Act, unless the context otherwise requires—

"affiliate", with respect to an undertaking, means another undertaking that is in the same group as that undertaking;

"allot", in relation to a security, includes issuing, selling, transferring or assigning the security;

"approved form" means a form approved by the Commission under the Financial Services Commission Act;

"auditor" means a person qualified under the Regulatory Code to act as an auditor;

"buy" includes to acquire;

"BVI business company" means a company that is on the Register of Companies maintained under the BVI Business Companies Act;

"capital resources", with respect to a licensee, means the licensee's capital resources calculated in accordance with the Regulatory Code;

"category" and "sub-category", in relation to an investment business licence, mean a category or sub-category of investment business as specified in Schedule 3;

"client", in relation to a licensee, means a person, whether resident in or outside the Virgin Islands, to whom the licensee provides, agrees to provide or has provided a service that constitutes investment business, and includes a mutual fund;

"client assets" means investments and other assets that, in the course of its licenced business, a licensee holds, has custody or control of or is otherwise responsible for that—

(a) belong to a client or potential client of the licensee; or

(b) are held by the licensee on behalf of a client or potential client;

"commencement date" means the date when this Act comes into force;

"Commission" means the Financial Services Commission established under section 3 of the Financial Services Commission Act;

"company" means a body corporate, wherever incorporated, registered or formed, and includes a BVI business company;

"corporate licensee" means a licensee that is a company;

"country" includes a territory;

"Court" means the High Court;

"director", in relation to an undertaking, means a person appointed to direct the affairs of the undertaking and includes—

(a) a person who is a member of the governing body of the undertaking; and

(b) a person who, in relation to the undertaking, occupies the position of director, by whatever name called;

"document" means a document in any form and includes—

(a) any writing or printing on any material;

(b) any record of information or data, however compiled, and whether stored in paper, electronic, magnetic or any non-paper based form and any storage medium or device, including discs and tapes;

(c) books and drawings; and

(d) a photograph, film, tape, negative, facsimile or other medium in which one or more visual images are embodied so as to be capable (with or without the aid of equipment) of being reproduced,

and, without limiting the generality of the foregoing, includes any court application, order and other legal process and any notice;

"dollar" or "$" means the lawful currency of the United States of America;

"financial statements" has the meaning specified in section 69;

"financial year", in relation to financial statements, has the meaning specified in section 68;

"foreign company" means a company that is incorporated, formed or registered outside the Virgin Islands, but excludes a BVI business company;

"foreign undertaking" means—

(a) a foreign company; or

(b) an undertaking other than a foreign company that has its principal office outside the Virgin Islands;

"fund interest" means the rights or interests, however described, of the investors in a mutual fund with regard to the property of the fund, but does not include a debt;

"group", in relation to an undertaking (the "first undertaking"), means the first undertaking and any other undertaking that is—

(a) a parent of the first undertaking;

(b) a subsidiary of the first undertaking;

(c) a subsidiary of a parent of the first undertaking;

(d) a parent of a subsidiary of the first undertaking;

(e) an undertaking in which the first undertaking, or an undertaking specified in paragraphs *(a)* to *(d)*, has a significant interest;

"instrument" includes any record, whether or not in the form of a document;

"investment" means an asset, right or interest specified in Schedule 1;

"investment activity" has the meaning specified in section 3;

"investment business" has the meaning specified in section 3;

"Investment Business Regulations" *(Repealed by Act 13 of 2012)*

"investor", in relation to a mutual fund, means a person who owns or holds fund interests issued by a mutual fund;

"joint enterprise" means an enterprise into which 2 or more persons enter for a commercial purpose related to a business carried on by those persons, other than an investment business, and, where one of the participants is an undertaking, each undertaking in the same group as the first undertaking is regarded as a participant in the joint enterprise;

"licence" means an investment business licence issued under section 6;

"licenced fund administrator" means a licensee holding a category 6, sub-category B licence;

"licenced fund manager" means a licensee holding a category 3, sub-category B licence;

"licensee" means a person holding a licence;

"licensed private investment fund manager" means a licensee holding a category 3, sub-category E licence that provides investment management services to a private investment fund or a fund with equivalent characteristics in another jurisdiction; *(Inserted by Act 12 of 2019)*

"listing rules" has the meaning specified in the Public Issuers Code;

"Market Abuse Regulations" means the Market Abuse Regulations made under section 94;

"market operator" has the meaning specified in the Public Issuers Code;

"mutual fund" or "fund" has the meaning specified in section 40;

"Mutual Fund Regulations" means the Mutual Fund Regulations made under section 62;

"parent", in relation to an undertaking (the "first undertaking"), means another undertaking that—

(a) is a member of the first undertaking and whether alone, or under an agreement with other members, is entitled to exercise a majority of the voting rights in the first undertaking;

(b) is a member of the first undertaking and has the right to appoint or remove the majority of the directors of the first undertaking;

(c) has the right to exercise a dominant influence over the management and control of the first undertaking pursuant to a provision in the constitutional documents of the first undertaking;

(d) is a parent of a parent of the first undertaking; or

(e) is an undertaking that the Commission, by written notice, has directed shall be regarded as a parent of the first undertaking;

"participant", in relation to a joint enterprise, means a person who has entered into the joint enterprise;

"partnership" includes—

(a) a limited partnership, wherever situated; and

(b) a partnership constituted or formed under the law of a country outside the Virgin Islands;

"person" means an individual or an undertaking and includes a mutual fund, however constituted;

"prescribed" means prescribed in the Regulatory Code, or the Public Issuers Code, as the case may be;

"private fund" has the meaning specified in section 40;

"private investment fund" has the meaning specified in section 63A(1); *(Inserted by Act 12 of 2019)*

"professional fund" has the meaning specified in section 40;

"prospectus" has the meaning specified—

(a) in relation to a public fund, in section 40; or

(b) in relation to an issuer that is not a mutual fund, in section 24;

"public fund" has the meaning specified in section 40;

"Public Issuers Code" means the Code issued by the Commission with respect to public issuers under section 39;

"recognised exchange" means an investment exchange that is prescribed as a recognised exchange in the Regulatory Code;

"recognised foreign fund" has the meaning specified in section 40;

"registers" means the registers required to be maintained by the Commission under section 99;

"Registrar of Corporate Affairs" means the Registrar of Corporate Affairs appointed under section 229(1) of the BVI Business Companies Act;

"Regulatory Code" means the Regulatory Code issued by the Commission under the Financial Services Commission Act;

"security"—

(a) for the purposes of Part V, has the meaning specified in Schedule 5; and

(b) for the purposes of any other provision of this Act, means—

(i) a share of any kind;

(ii) a debt obligation of any kind;

(iii) an option, warrant or right to acquire a share or debt obligation; or

(iv) an interest or right specified in the Public Issuers Code as a security,

but excludes an interest or right that the Public Issuers Code specifies is deemed not to be a security;

"segregated portfolio company" means a company incorporated or registered as a segregated portfolio company under Part VII of the BVI Business Companies Act;

"sell" includes to dispose of;

"senior officer" has the meaning prescribed in the Regulatory Code;

"significant interest", in respect of an undertaking, means a holding or interest in the undertaking or in any parent of the undertaking held or owned by a person, either alone or with any other person and whether legally or equitably, that entitles or enables the person, directly or indirectly—

(a) to control 10% or more of the voting rights of the undertaking;

(b) to a 10% or more share in any distribution of the surplus assets of the undertaking; or

(c) to appoint or remove one or more directors of the undertaking;

"subsidiary", in relation to an undertaking (the "first undertaking"), means an undertaking of which the first undertaking is a parent;

"trustee", in relation to a unit trust, means the person holding the property of the fund on trust for the investors;

"undertaking" means—

(a) a company;

(b) a partnership; or

(c) an unincorporated association;

"unit trust" means a mutual fund under which the property of the fund is held on trust for the investors.

(2) Where the Commission is permitted or required by this Act to consider the "public interest", the "public" includes—

(a) the public inside and outside the Virgin Islands; and

(b) any persons who have a legitimate interest in the decision to be made by the Commission including, in the case of a mutual fund, its investors or potential investors.

(3) For the purposes of this Act, one person (the first person) has a close connection with another person (the second person) if the first person is—

(a) where the second person is an undertaking—

(i) a director or employee of the second person;

(ii) an affiliate of the second person;

(iii) a relative of an individual who is, or was, a director or employee of the second person;

(b) where the second person is an individual, a relative of the second person;

(c) such other person as may be specified, in relation to issuers, in the Public Issuers Code or, in relation to mutual funds, in the Mutual Fund Regulations.

(4) An individual's relatives are his or her parents, spouse, siblings, children (including step-children) and their descendants.

(5) Unless the context otherwise requires, any reference to this Act includes a reference to any regulations made under this Act.

Meaning of "investment activity" and "investment business"

3. A person carries on investment business if, by way of business, he or she engages in an activity that—

(a) is of a kind specified as an investment activity in Schedule 2, Part A; and

(b) is not excluded by Schedule 2, Part B.

PART I

INVESTMENT BUSINESS

Unauthorised investment business

Prohibition on unauthorised investment business

4. (1) Subject to subsections (2) and (3), no person shall carry on, or hold himself or herself out as carrying on, investment business of any kind in or from within the Virgin Islands unless he or she holds a licence authorising him or her to carry on that kind of investment business.

(2) For the purposes of, but without limiting, subsection (1)—

(a) a person carries on investment business in the Virgin Islands if—

(i) he or she occupies premises in the Virgin Islands for the purposes of carrying on investment business; or

(ii) he or she solicits a person in the Virgin Islands for the purpose of offering to provide a service that constitutes investment business; and

(b) a BVI business company that carries on, or holds itself out as carrying on, investment business outside the Virgin Islands is deemed to carry on, or hold itself out as carrying on, investment business from within the Virgin Islands.

(3) Subsection (1) does not apply to any person excluded under Schedule 2, Part C in such circumstances and to such extent as may be specified.

Licensing

Categories of, and restrictions on, investment business licence

5. An investment business licence—

(a) shall be issued in one or more of the categories specified in Schedule 3 and shall state the categories and sub-categories of investment business that the licensee is authorised to carry on;

(b) is subject to such conditions as may be imposed by the Commission under section 40B of the Financial Services Commission Act; and

(c) does not authorise the holder to carry on any category or sub-category of investment business that is not specified on the licence.

Application for, and issuance of, licence

6. (1) A person may make an application to the Commission for an investment business licence.

(2) Subject to subsections (3) and (4), the Commission may issue a licence to an applicant if it is satisfied that—

(a) the applicant intends, if issued with a licence, to carry on the relevant investment business;

(b) the applicant satisfies the requirements of this Act and the Regulatory Code with respect to the application;

(c) the applicant will, on the issuance of the licence—

(i) have capital resources at least equal to the amount that it is required to maintain under section 8(1); and

(ii) otherwise be in compliance with this Act, the Regulatory Code and any practice directions applicable to it;

(d) the applicant, its directors and senior officers and any persons having a significant interest in the applicant satisfy the Commission's fit and proper criteria;

(e) the organisation, management and financial resources of the applicant are, or on the issuance of the licence will be, adequate for the carrying on of the relevant investment business; and

(f) issuing the licence is not against the public interest.

(3) Without limiting the discretion given to the Commission under subsection (2), the Commission may refuse to issue a licence to an applicant if it is of the opinion that any person having a share or other interest in the applicant, whether legal or equitable, does not satisfy the Commission's fit and proper criteria.

(4) For the purposes of subsection (2), "relevant investment business" means the category and sub-category of investment business that the applicant will be authorised to carry on if a licence is issued to it.

(5) A licence issued under subsection (2) shall be in writing and in the approved form and shall comply with section 5.

Financial Resource Requirements

Maintenance of financially sound condition

7. (1) A licensee shall, at all times, maintain its business in a financially sound condition by—

(a) having assets;

(b) providing for its liabilities; and

(c) generally conducting its business,

so as to be in a position to meet its liabilities as they fall due.

(2) If a licensee forms the opinion that it does not comply with subsection (1), it shall forthwith notify the Commission in writing.

Maintenance of capital resources

8. (1) Without limiting section 7 and subject to subsection (4), where the Regulatory Code prescribes a minimum capital resource requirement with respect to a category or sub-category of licence, a licensee holding a licence in such category or sub-category shall ensure that at all times its capital resources are maintained in an amount not less than the prescribed minimum.

(2) If the Commission considers it appropriate, having regard to the nature and extent of the investment business carried on, or proposed to be carried on, by a licensee, the Commission may direct the licensee—

(a) in the case of a licensee to whom subsection (1) applies, to increase its capital resources to an amount higher than the prescribed minimum applicable to the licensee; or

(b) in the case of a licensee to whom subsection (1) does not apply, to maintain its capital resources in an amount not less than the amount specified in the direction.

(3) A direction issued under subsection (2) shall specify a reasonable period for compliance with the direction.

(4) Notwithstanding subsection (1), where the Commission issues a direction under subsection (2) to a licensee, the licensee shall ensure that at all times its capital resources are maintained in an amount not less than the amount specified in the direction.

(5) If the capital resources of a licensee fall below the amount that it is required to maintain under subsection (1) or (4), it shall forthwith notify the Commission in writing.

Shares

9. (1) Subject to subsection (2), every share in a corporate licensee issued after the commencement date shall be fully paid for in cash on issue.

(2) A share in a corporate licensee may be issued for a consideration other than cash—

(a) where permitted by the Regulatory Code; or

(b) where authorised by the Commission in writing, on the application of the licensee.

Obligations of, and restrictions on, licensees

Appointment of directors and senior officers

10. (1) A licensee shall not appoint a director or senior officer without the prior written approval of the Commission.

(2) The Commission shall not grant approval under subsection (1) unless it is satisfied that the person concerned—

(a) satisfies the Commission's fit and proper criteria; and

(b) complies with the requirements of any guidelines issued by the Commission relating to the approval of directors and senior officers.

Disposing of, or acquiring significant interest in, licensee

11. (1) A person owning or holding a significant interest in a licensee shall not, whether directly or indirectly, sell, transfer, charge or otherwise dispose of his or her interest in the licensee, or any part of his or her interest, unless the prior written approval of the Commission has been obtained. *(Amended by Act 13 of 2012)*

(2) A person shall not, whether directly or indirectly, acquire a significant interest in a licensee unless the prior written approval of the Commission has been obtained.

(3) A licensee shall not, unless the prior written approval of the Commission has been obtained—

(a) cause, permit or acquiesce in a sale, transfer, charge or other disposition referred to in subsection (1);

(b) issue or allot any shares or cause, permit or acquiesce in any other reorganisation of its share capital that results in—

(i) a person acquiring a significant interest in the licensee; or

(ii) a person who already owns or holds a significant interest in the licensee, increasing or decreasing the size of his interest.

(3A) Where a sale, transfer, charge or other disposition referred to in subsection (1) takes place, the licensee shall, for the purposes of subsection (3), be deemed to have caused, permitted or acquiesced in the sale, transfer, charge or other disposition referred to in subsection (1). *(Inserted by Act 13 of 2012)*

(4) An application to the Commission for approval under subsection (1), (2) or (3) shall be made by the licensee and any fees payable for the application and any approval of the application in that regard shall be paid by the licensee. *(Amended by Act 13 of 2012)*

(5) The Commission shall not grant approval under subsection (1), (2) or (3) unless it is satisfied that, following the acquisition or disposal, any person who will acquire a significant interest in the licensee satisfies the Commission's fit and proper criteria.

(6) Where the Commission, in exercise of its powers under the Financial Services Commission Act or any other enactment, is minded to take enforcement action for the breach of subsection (1) or (2), such enforcement action may be taken against the licensee as if the licensee has caused, permitted or acquiesced in the sale, transfer, charge or other disposition or in the acquisition as referred to in the subsection. *(Inserted by Act 13 of 2012)*

Authorisation required with respect to offices and subsidiaries

12. A licensee shall not, without the prior written approval of the Commission—

(a) open, maintain or carry on business through a branch or a representative or contact office outside the Virgin Islands; or

(b) incorporate, form or acquire a subsidiary.

Professional indemnity and other insurance

13. A licensee shall at all times maintain such professional indemnity and other insurance as may be prescribed.

Change of name

14. (1) A licensed fund manager and a licensed fund administrator shall notify the Commission within 21 days of any change in its corporate name or the name under which it carries on business.

(2) A licensee, other than one to which subsection (1) applies, shall not, without the prior written approval of the Commission having been obtained, change its corporate name or the name under which it carries on business.

Undertaking new fund business

‡**14A.** (1) A licensed fund manager and a licensed private investment fund manager shall notify the Commission within 21 days of commencing to act as an investment manager of a mutual fund or a private investment fund, or a fund with equivalent characteristics to a mutual fund or a private investment fund.

(2) Notification under subsection (1) shall include the following in relation to any fund undertaken—

(a) the name of the fund;

(b) the jurisdiction and date of incorporation, registration or formation of the fund; and

(c) confirmation as to whether the fund is—

(i) a private fund;

(ii) a professional fund;

(iii) a public fund;

(iv) a private investment fund; or

(v) a fund with equivalent characteristics of one of the types of funds specified in sub-paragraphs (i) to (iv).

(Inserted by Act 12 of 2019)

Commission may require licensee to change name under which it carries on business

15. The Commission may, by written notice, direct a licensee to change the name under which it carries on business if the Commission is of the opinion that the name is—

(a) identical to that of any other person, whether within or outside the Virgin Islands, or which so nearly resembles that name as to be likely to deceive; or

(b) otherwise misleading or undesirable.

Bearer shares

16. (1) A licensee shall not issue any bearer shares.

(2) For the purposes of subsection (1), "bearer share" means—

(a) in the case of a corporate licensee, a share represented by a certificate which states that the bearer of the certificate is the owner of the share, and includes a share warrant to bearer; and

(b) in the case of any other licensee, a certificate of ownership interest in the licensee that is issued in bearer form.

‡ Section 14A in force 1 July 2020

Corporate Governance

Maintenance of records by licensee

17. (1) A licensee shall keep records that are sufficient—

(a) to show and explain its transactions;

(b) at any time, to enable its financial position to be determined with reasonable accuracy;

(c) to enable it to prepare such financial statements and make such returns as it is required to prepare and make under this Act and the Regulatory Code; and

(d) to enable, if applicable, its financial statements to be audited in accordance with this Act.

(2) The Regulatory Code may prescribe—

(a) the form, manner and place in which the records specified in subsection (1) are to be maintained;

(b) other records required to be maintained by a licensee and the form, manner and place in which such records are to be maintained.

(3) A licensee shall retain the records required to be maintained under this section for a period of at least 5 years after the completion of the transaction to which the records relate.

(4) Subsection (3) applies to a licensee after the cancellation or revocation of its licence as if its licence had not been cancelled or revoked.

Client assets

18. (1) A licensee shall—

(a) ensure that client assets are identified, or identifiable, and appropriately segregated and accounted for; and

(b) make arrangements for the proper protection of client assets.

(2) Without limiting subsection (1), the Regulatory Code may provide for the holding, control, and handling of, and the accounting for, client assets by a licensee and, in particular, it may provide for—

(a) the manner in which client assets are to be identified, or made identifiable, segregated, accounted for and protected;

(b) the opening and maintenance of client accounts and the payment of moneys into client accounts;

(c) the audit of client accounts and records keeping requirements concerning client assets;

(d) how interest and other moneys earned with respect to client assets is to be dealt with;

(e) circumstances in which client assets held by a licensee are deemed to be held on trust for the client; and

(f) such other matters relating to the custody and control of client assets by a licensee as the Commission considers appropriate.

Control of advertisements and conduct of business

Misleading advertisements, statements, etc.

19. (1) A licensee shall not, in relation to any activity that constitutes investment business, whether or not carried on by him or her and whether or not the activity is one that he or she is authorised to carry on, or in relation to any investment—

(a) issue, or cause or permit to be issued, an advertisement, brochure or similar document or make, or cause or permit to be made, a statement, promise or forecast, which he or she knows, in a material particular—

(i) is false or misleading; or

(ii) contains an incorrect statement of fact;

(b) issue, or cause or permit to be issued, an advertisement, brochure or similar document or make, or cause or permit to be made, a statement, promise or forecast, where he or she is reckless as to whether the advertisement, brochure, document, statement, promise or forecast, in a material particular—

(i) is false or misleading; or

(ii) contains an incorrect statement of fact;

(c) dishonestly conceal a material fact, whether in connection with an advertisement, brochure or similar document, statement, promise or forecast, or otherwise.

(2) If the Commission is of the opinion that an advertisement, brochure or other similar document issued, or to be issued, or a statement, promise or forecast made, or to be made, by or on behalf of a licensee contravenes subsection (1) or is contrary to the public interest, it may—

(a) direct the licensee in writing not to issue the document, or not to make the statement, promise or forecast, or to withdraw it; or

(b) grant written approval to the licensee to issue the document, or make the statement, promise or forecast, with such changes as the Commission may specify.

(3) Subsection (2) does not limit the powers of the Commission to take enforcement action under Part V of the Financial Services Commission Act.

Regulatory Code may provide for advertising, etc.

20. The Regulatory Code may—

(a) prohibit the issue of advertisements, brochures or similar documents relating to investment activities of a particular type or description, whether as to the contents of the advertisement,

brochure or other document or the persons for whom they are intended; and

(b) provide for—

(i) the issue, form and content of advertisements, brochures or similar documents; and

(ii) the making of statements, promises and forecasts, relating to investment business.

Administration

Investment business regulations

21. (1) The Cabinet may, on the advice of the Commission make regulations in relation to investment business and for the administration of this Act by the Commission as it relates to investment business. *(Substituted by Act 13 of 2012)*

(2) Regulations made under subsection (1) may—

(a) be made for the purposes of this Act or for specified provisions of this Act;

(b) make different provision in relation to different persons, circumstances or cases; and

(c) subject to subsection (3), provide for offences and penalties for any contravention of or failure to comply with specified requirements of the regulations.

(Amended by Act 13 of 2012)

(2A) Without prejudice to the generality of subsection (2) but subject to subsection (2B), regulations made under subsection (1) may, in particular—

(a) establish a regime for the approval by the Commission of persons who conduct or engage in certain investment business as may be specified in the regulations, and such persons shall not be required to be licensed under this Act so long as they continue to be approved or deemed approved as such by the Commission; and

(b) disapply or limit the scope of application of this Act to any person approved or deemed approved by the Commission by virtue of paragraph *(a)*.

(Inserted by Act 13 of 2012)

(2B) Regulations made under subsection (2A)—

(a) shall outline the functions that may be performed by a person approved by the Commission as mentioned in subsection (2A)*(a)*;

(b) shall take into account risks that may be posed by or associated with approving a person mentioned in subsection (2A)*(a)* not requiring a licence under this Act and provide such restrictions and conditions as may be considered necessary;

(c) may provide an asset threshold that a person mentioned in subsection (2A)*(a)* may have under his or her management;

(d) may require a person mentioned in subsection (2A)*(a)* to file with the Commission periodic returns on such matters as may be considered necessary;

(e) may require the keeping and maintenance of a register of persons mentioned in subsection (2A)*(a)*; and

(f) may provide for such other matters as may be considered necessary to the efficient and effective functioning of a regime of persons mentioned in subsection (2A)*(a)*.

(Inserted by Act 13 of 2012)

(3) A penalty provided for an offence under the regulations made under subsection (1) may not exceed—

(a) in the case of a fine, the sum of $20,000; and

(b) in the case of a period of imprisonment, the term of 3 years.

(Amended by Act 13 of 2012)

Regulatory Code

22. (1) Without limiting the powers of the Commission under this Act or the Financial Services Commission Act, the Regulatory Code may specify or provide for—

(a) systems and controls, including internal controls, to be maintained by licensees;

(b) policies and procedures to be maintained by licensees with respect to the assessment and management of risk;

(c) principles and rules of corporate governance to be adhered to by licensees;

(d) the duties and responsibilities of the directors of a licensee;

(e) prudential requirements not inconsistent with this Act applicable to licensees;

(f) business conduct rules to be followed by licensees; and

(g) circumstances in which an individual is required to be approved by the Commission for appointment by a licensee, whether as an employee, as an agent or in such other capacity as may be specified.

(2) The Regulatory Code may—

(a) make provision in relation to different persons or class of persons, circumstances or cases;

(b) contain such incidental, supplemental and transitional provisions as the Commission considers necessary or expedient.

PART II

PUBLIC ISSUES OF SECURITIES

Scope and interpretation

Scope of this Part

23. This Part does not apply with respect to a security—

(a) issued, to be issued, or guaranteed by the Government of the Virgin Islands;

(b) issued, or to be issued, by a person—

(i) registered, or required to be registered, under Part III as a public fund; or

(ii) recognised, or required to be recognised, under Part III as a private fund or a professional fund; or

(c) issued, or to be issued, by such persons as may be specified in the Public Issuers Code.

Interpretation for this Part

24. (1) For the purposes of this Part, unless the context otherwise requires—

"advertisement" means any form of communication that—

(a) relates to a specific offer to the public to subscribe for securities; and

(b) is intended to specifically promote the potential subscription of securities;

"foreign listed issuer" means a foreign company, any securities of which are approved for listing on a recognised exchange;

"issuer", in relation to a security, means the person by whom the security is, or is to be, issued;

"listed", in relation to a security, means that the security is listed on a recognised exchange;

"listed issuer" means a BVI business company, any securities of which are approved for listing on a recognised exchange;

"offer" includes—

(a) an invitation and any proposal or invitation to make an offer;

(b) an offer made through a licensee or any other person;

(c) an offer however communicated or made;

"promoter", in relation to an offer of securities to the public, means a person other than the issuer who, whether acting alone or in conjunction with others, is instrumental in organising the offer of the securities to the public;

"prospectus" means a document that contains an offer of securities to the public for purchase or subscription and, where appropriate, includes a supplementary prospectus;

"public issuer" means an issuer, with respect to which, a prospectus has been registered under section 28;

"public offer" is to be construed in accordance with section 25;

"qualified investor" means a person specified as a qualified investor in Schedule 4;

"registered prospectus" means a prospectus that has been registered by the Commission under section 28, the registration of which has not been cancelled and, where appropriate, includes a supplementary prospectus that has been registered by the Commission under section 29; and

"supplementary prospectus" means a document containing details of amendments to a registered prospectus.

(2) A reference in this Part to an offer of securities to the public shall be construed as including a reference to distributing an advertisement, a prospectus, a registered prospectus or an application form for the subscription of securities.

Control of public offers

Prohibition on public offer of securities

25. (1) Subject to subsection (4), no security shall be offered to the public in the Virgin Islands for purchase or subscription by or on behalf of an issuer, unless—

(a) the offer is contained in a registered prospectus; and

(b) the offer complies with such requirements as may be specified in the Public Issuers Code.

(2) For the purposes of subsection (1)—

(a) an offer of securities to any person in the Virgin Islands is an offer of the securities to the public in the Virgin Islands;

(b) a security is offered to a person in the Virgin Islands if the offer is received by the person in the Virgin Islands; and

(c) no regard shall be had to—

(i) the place where the allotment arising out of the offer occurs; or

(ii) where the issuer is incorporated, formed or registered or where it carries on business.

(3) Notwithstanding subsection (2)*(b)*, the fact that a BVI business company receives an offer of securities at its registered office in the Virgin Islands does not, of itself, constitute receipt of the offer in the Virgin Islands.

(4) Subsection (1) does not apply to an offer that—

(a) is deemed not to be a public offer under section 26(1); or

(b) is exempted by the Public Issuers Code in accordance with section 26(4).

Circumstances in which offer not public offer

26. (1) An offer of securities to a person is deemed not to constitute an offer of securities to the public if—

(a) the offer is made to, or directed exclusively at, one or more of the following—

(i) a qualified investor;

(ii) a person having a close connection with the issuer;

(iii) the Government of the Virgin Islands;

(b) the minimum aggregate purchase price payable by a person for securities acquired by him or her pursuant to the offer—

(i) must be paid before the securities are issued; and

(ii) equals or exceeds the minimum specified in the Public Issuers Code, or the equivalent in another currency; or

(c) the offer is made—

(i) to such persons;

(ii) with respect to securities issued, or to be issued, by such persons; or

(iii) in such circumstances,

as may be specified in the Public Issuers Code.

(2) In determining the purchase price paid, or to be paid, for the purposes of subsection (1)*(b)*, any amount paid, or payable, for the securities shall be disregarded to the extent that it is paid or to be paid out of money loaned by the issuer or by a person associated with the issuer.

(3) For the purposes of subsection (2), a person is associated with an issuer if the person is—

(a) an affiliate of the issuer;

(b) a director of the issuer; or

(c) holds a significant interest in the issuer.

(4) Without limiting subsection (1)*(c)*, the Public Issuers Code may provide for section 25 to be modified or disapplied where—

(a) the issuer is a listed company or a foreign listed company; and

(b) the offer complies with the requirements specified for public offers made by listed companies or foreign listed companies, as the case may be, in the Public Issuers Code.

Prospectuses

Form and content of prospectus

27. (1) A prospectus intended to be submitted to the Commission for registration shall—

(a) be in writing and be dated;

(b) provide full and accurate disclosure of all such information as investors would reasonably require and expect to find for the purpose of making an informed investment decision;

(c) contain a summary statement of investors' rights as provided in the Public Issuers Code;

(d) be in the form, contain the information, statements, certificates and other matters specified in the Public Issuers Code; and

(e) have attached to it such documents as may be specified in the Public Issuers Code.

(2) The date of a prospectus shall be no later than the date of the application to the Commission for registration of the prospectus.

(3) Any documents attached to a prospectus referred to in subsection (1) shall comply with the requirements contained in the Public Issuers Code.

Registration of prospectus

28. (1) Application may be made to the Commission for the registration of a prospectus by—

(a) the issuer; or

(b) a person authorised by the issuer to make the application on the issuer's behalf.

(2) Subject to subsection (3), the Commission may register a prospectus if it is satisfied that the prospectus complies with this Act and the Public Issuers Code.

(3) The Commission shall not register a prospectus if it is of the opinion that, although complying with this Act and the Public Issuers Code—

(a) the prospectus contains a material error or misdescription or a statement that is misleading, omits a material fact or particular or is unclear;

(b) the prospectus does not provide full and accurate disclosure of all such information as investors would reasonably require and expect to find for the purpose of making an informed investment decision; or

(c) approving the prospectus would be contrary to the public interest.

(4) The Commission shall—

(a) if it registers the prospectus, provide the applicant with written confirmation of its approval; or

(b) if it refuses to register the prospectus, provide the applicant with a written notice of its decision.

(5) For the avoidance of doubt, section 40B of the Financial Services Commission Act applies to an application under this section.

Registration of supplementary prospectus

29. (1) An application to the Commission to register a supplementary prospectus setting out amendments to a registered prospectus—

(a) may be made by or on behalf of an issuer at any time during the relevant period; and

(b) shall be made by the issuer or the person who applied for the registration of the prospectus on the issuer's behalf if, during the relevant period, the issuer, or the person who applied for registration of the prospectus, becomes aware that the registered prospectus—

(i) contains a material inaccuracy; or

(ii) omits a material fact or particular.

(2) For the purposes of subsection (1)—

(a) the "relevant period" is the period commencing with the registration of a prospectus and ending with the closure of the offer to which the prospectus relates; and

(b) subsection (1)*(b)* applies whether the inaccuracy or omission is due to the fact that the prospectus contained an error on issue, a change in circumstances or some other reason.

(3) Section 27 applies to the supplementary prospectus and section 28 applies to the registration of the supplementary prospectus as if, in each case, the supplementary prospectus was the original prospectus.

(4) Where a supplementary prospectus is registered under this section, the issuer shall ensure that a copy is made available to every person who has received a copy of the original prospectus.

Distribution of prospectus

30. (1) A registered prospectus shall not be distributed by, or on behalf of, an issuer—

(a) if the person distributing it knows, or ought reasonably to know, that the prospectus contains a material error, is materially misleading or omits a material fact or particular; or

(b) where a supplementary prospectus has been registered, unless the registered prospectus incorporates all the amendments in the supplementary prospectus.

(2) For the purposes of subsection (1)*(a)*, it is immaterial whether or not the prospectus became misleading or false by reason of a change in circumstances subsequent to the registration of the prospectus.

(3) A registered prospectus shall not be distributed unless it is accompanied by the documents, if any, required by the Public Issuers Code.

Prospectus issued, other cases

31. If a prospectus is distributed with respect to an offer of securities in the Virgin Islands in circumstances where section 25 does not apply, the prospectus shall comply with section 27(1), except to the extent that the Public Issuers Code otherwise provides.

Public Issuers Code may provide for prospectuses

32. The Public Issuers Code may make provision for—

(a) the form of, and information, statements, certificates and other matters to be contained in, a prospectus;

(b) the documents to be attached to a prospectus;

(c) the manner in which a prospectus may be communicated or distributed or otherwise made available to members of the public;

(d) the circumstances in which prospectuses prepared in accordance with the laws or requirements of a country outside the Virgin Islands may be registered by the Commission; and

(e) such other requirements with respect to prospectuses and their registration as are reasonably required to give effect to this Part.

Compensation orders

Compensation, false or misleading advertisement or prospectus

33. (1) Subject to section 34, where a prospectus, whether registered or not, is distributed, the Court may, on the application of a subscriber, make a compensation order against one or more persons specified in subsection (2) if the subscriber—

(a) acquired securities in reliance on the prospectus; and

(b) suffered loss or damage by reason of—

(i) any untrue or misleading statement in the prospectus; or

(ii) the omission from the prospectus of any matter required to be included in a registered prospectus by virtue of this Act or the Public Issuers Code.

(2) Subject to subsection (3), a compensation order may be made against—

(a) the issuer of the securities referred to in the prospectus, unless the issuer proves that it did not make or authorise the offer in relation to which the prospectus was issued;

(b) where the issuer is an undertaking, a person who—

(i) has signed the prospectus as a director;

(ii) is a director of the issuer at the time that the prospectus was distributed; or

(iii) has authorised himself or herself to be named, and is named, in the prospectus as a director or as having agreed to become a director of the company either immediately or at a future time;

(c) if there is a guarantor for the issue, the guarantor in relation to information in the prospectus that relates to the guarantor and the guarantee;

(d) a person who accepts, and is stated in the prospectus as accepting, responsibility for the prospectus;

(e) a person who is a promoter of the offer and, where the promoter is a company, a person who is a director of the promoter when the prospectus is distributed; and

(f) a person not falling within paragraphs *(a)* to *(e)* who has authorised the contents of the prospectus.

(3) The Court shall not make a compensation order against a person who is a director of the issuer if that person proves that—

(a) the prospectus was distributed without his or her knowledge or consent; and

(b) on becoming aware of the distribution of the prospectus, he or she gives reasonable public notice that it was distributed without his or her knowledge or consent.

(4) The Court shall not make a compensation order under subsection (1)*(b)*(ii), if the prospectus concerned is not required to be registered by reason of any disapplication or modification of section 25 pursuant to section 26(4).

(5) The Court may, on the application of a subscriber, make a compensation order against a person who fails to comply with section 29(1)*(b)* if the subscriber—

(a) acquired securities in reliance on the prospectus in question; and

(b) suffered loss or damage in respect of the securities by reason of the failure.

(6) This section does not affect any liability which may be incurred apart from this section.

Circumstances in which no compensation to be awarded

34. The Court shall not require a person to compensate a subscriber under section 33 for loss or damage caused with respect to a statement or omission referred to in section 33(1)*(b)*(i) or (ii) if the person proves, to the satisfaction of the Court, that—

(a) at the time that the prospectus was distributed, he or she reasonably believed, having made such enquires as were reasonable, that the statement was true and not misleading, or the

matter whose omission from the prospectus caused the loss was properly omitted and that one or more of the following applies—

(i) he or she continued in this belief until the time when the securities in question were acquired;

(ii) the securities were acquired before it was reasonably practicable to bring a correction to the attention of persons likely to acquire them;

(iii) before the securities were acquired, he or she had taken all such steps as were reasonable for him or her to have taken to secure that a correction was brought to the attention of those persons;

(b) before the securities in question were acquired, a correction had been published in a manner calculated to bring it to the attention of persons likely to acquire the securities or that he or she took all such steps as were reasonable for him or her to take to secure publication and reasonably believed that publication had taken place before the securities were acquired; or

(c) the person suffering the loss acquired the securities in question knowing, as the case may be—

(i) that the statement was false or misleading;

(ii) of the matter that had been omitted; or

(iii) of the change or new matter.

Enforcement

Cancellation or suspension of registration

35. (1) The Commission may suspend or cancel the registration of a prospectus if it is of the opinion that—

(a) the prospectus—

(i) contains a material error or is materially misleading;

(ii) omits a material fact or particular; or

(iii) does not comply with this Act or the Public Issuers Code; or

(b) the continued registration of the prospectus is not in the public interest.

(2) The period of suspension of the registration of a prospectus under subsection (1) shall not exceed 30 days.

(3) Before cancelling the registration of a prospectus, the Commission shall give written notice to the issuer stating—

(a) the grounds upon which it intends to cancel the registration; and

(b) that unless the issuer, by written notice submitted to the Commission, shows good reason why the registration of the prospectus should not be cancelled, the registration will be

cancelled on a date no earlier than 14 days after the date of the notice and no later than the date that the suspension notice expires.

(4) Where the Commission suspends the registration of a prospectus, it shall immediately notify the issuer in writing of the suspension and the reasons for the suspension.

(5) If it is satisfied that the suspension of the registration of a prospectus should not continue, the Commission may withdraw the suspension.

(6) While the registration of a registered prospectus is suspended, no allotment may be made of any securities subscribed for but not allotted, whether the securities were subscribed for before or after the suspension.

(7) The suspension of the registration of a prospectus shall be kept confidential by the Commission, unless the registration is subsequently cancelled.

Suspension or prohibition of public offer

36. (1) Where a person makes an offer of securities to which this Part applies and the Commission has reasonable grounds for suspecting that a provision of this Part or the Public Issuers Code has been, or will be, contravened, the Commission may direct that the offer is suspended for a period not exceeding 14 days.

(2) Where the Commission issues a direction under subsection (1), it may also direct that the offer should not be advertised and that any existing advertisement is suspended in accordance with the Commission's direction.

(3) If the Commission forms the opinion that a provision of this Part or the Public Issuers Code has been contravened, it may direct that the offer be withdrawn.

(4) A direction under subsection (3) may be made—

(a) after a direction has been made under subsection (1); or

(b) even though no direction has been issued under subsection (1).

Other provisions applying to public issuers

Modification of Companies Act, public issuers

37. The BVI Business Companies Act is disapplied and modified with respect to public issuers that are BVI business companies to the extent provided for in Schedule 6.

Offers made outside the Virgin Islands

Offer made outside the Virgin Islands, BVI company

38. (1) An offer for securities issued, or to be issued, by a BVI business company that is made outside the Virgin Islands, shall be made in accordance with the laws or rules of the country in which the offer is made.

(2) For the purposes of subsection (1), "laws" includes any subordinate legislation and "rules" includes any applicable listing rules or any rules issued by a market operator to which the BVI business company is subject.

Administration

Public Issuers Code

39. (1) The Commission may issue a Public Issuers Code—

(a) providing for—

(i) the public issues of securities and the duties and obligations of public issuers;

(ii) the preparation of financial statements by public issuers and their audit and for the powers and duties of auditors of public issuers; and

(iii) meetings of members, including the notice to be given to members;

(b) giving effect to this Part and for the administration of this Part by the Commission; and

(c) in respect of anything permitted by this Part to be contained in the Public Issuers Code.

(2) The Public Issuers Code may—

(a) make provision in relation to different persons or class of persons, circumstances or cases; and

(b) contain such incidental, supplemental and transitional provisions as the Commission considers necessary or expedient.

PART III

MUTUAL FUNDS

Interpretation

Interpretation for this Part

40. (1) In this Part, unless the context otherwise requires—

"authorised representative" means a person appointed in accordance with section 64;

"constitutional documents" means—

(a) in the case of a company, the memorandum and articles of association, the company's constitution or such other equivalent constituting instrument;

(b) in the case of a partnership, the agreement or other instrument by which the partnership is formed and governed;

(c) in the case of a unit trust, the trust deed or other equivalent instrument by which the unit trust is organised or governed;

(d) in the case of a mutual fund that does not fall within paragraph *(a)*, *(b)* or *(c)*, the principal instrument by which the mutual fund is constituted, formed or organised and governed;

"custodian" means a person to whom the fund property is entrusted for safe keeping;

"experienced investor" means—

(a) a person who holds—

(i) a licence issued under section 6;

(ii) a licence issued under the Banks and Trust Companies Act; or

(iii) an insurer's licence issued under section 8 of the Insurance Act;

(b) a person licensed in a jurisdiction outside the Virgin Islands to carry on an activity equivalent to an activity for which a licence specified in paragraph *(a)* is required, provided that the person is regulated and supervised in the carrying on of that business; or

(c) a public, private or professional fund;

"foreign fund" means a mutual fund that is incorporated, constituted, formed or organised under the laws of a country outside the Virgin Islands;

"functionary", in relation to a mutual fund, means—

(a) the manager, administrator, investment advisor or custodian of the fund;

(b) in the case of a fund that is a unit trust, the trustee;

(c) a prime broker acting for, or in relation to, a fund; or

(d) a person undertaking such other function with respect to the fund as may be specified in the Mutual Fund Regulations;

"fund administrator" means a person who, by way of business, provides a mutual fund with fund administration services;

"fund manager" means a person who, by way of business, provides a fund with fund management services;

"mutual fund" or "fund" means a company or any other body, a partnership or a unit trust that is incorporated, formed or organised, whether under the laws of the Virgin Islands or the laws of any other country, which—

(a) collects and pools investor funds for the purpose of collective investment; and

(b) issues fund interests that entitle the holder to receive on demand or within a specified period after demand an amount computed by reference to the value of a proportionate interest in the whole or in a part of the net assets of the company or other body, partnership or unit trust, as the case may be, and includes—

(i) an umbrella fund whose fund interests are split into a number of different class funds or sub-funds; and

(ii) a fund which has a single investor which is a mutual fund not registered or recognised under this Act,

but excludes any company or other body, partnership or unit trust which is of a type or description designated by the Mutual Fund Regulations as not being a mutual fund;

"private fund" means a fund that is recognised under section 55 as a private fund;

"professional fund" means a fund that is recognised under section 55 as a professional fund;

"professional investor" means a person—

(a) whose ordinary business involves, whether for that person's own account or the account of others, the acquisition or disposal of property of the same kind as the property, or a substantial part of the property, of the fund; or

(b) who has signed a declaration that he or she, whether individually or jointly with his or her spouse, has net worth in excess of such sum as shall be specified in the Mutual Fund Regulations or its equivalent in any other currency and that he or she consents to being treated as a professional investor;

"promoter" means a person who, whether acting alone or in conjunction with others, directly or indirectly takes the initiative in forming or organising a mutual fund, but does not include an underwriter who receives underwriting commission without taking any part in the forming or organising of the mutual fund;

"prospectus", in relation to a public fund, means a document that contains an invitation or offer to investors or potential investors to purchase or subscribe for fund interests, and includes an amended prospectus;

"public fund" means a fund that is registered under section 45 as a public fund;

"recognised country" means a country recognised by the Commission under subsection (4);

"recognised foreign fund" means a foreign fund that is recognised by the Commission under section 57;

"underwriter" means a person who—

(a) as principal, agrees to purchase fund interests issued by mutual funds with a view to offering them to the public; or

(b) as agent for a mutual fund, offers for sale or sells to the public fund interests issued by the mutual fund.

(2) For the purposes of the definitions of "fund administrator" and "fund manager", "fund administration services" and "fund management services"—

(a) include such specific activities; and

(b) exclude such specific activities,

as may be prescribed in the Mutual Funds Regulations.

(3) Regulations made in accordance with subsection (2) do not limit the generality of "fund administration services" or "fund management services".

(4) The Commission may, by notice published in the *Gazette*, recognise a country for the purposes of this Act.

Prohibitions

Prohibitions with respect to business of unregistered or unrecognised funds

41. (1) Subject to sections 43 and 44—

(a) a company shall not carry on business or hold itself out as carrying on business as a mutual fund in or from within the Virgin Islands;

(b) the partners of a partnership that is a mutual fund shall not carry on or hold themselves out as carrying on the business of the fund in or from within the Virgin Islands;

(c) the trustee of a unit trust that is a mutual fund shall not carry on or hold itself out as carrying on the business of the unit trust in or from within the Virgin Islands; and

(d) a mutual fund that does not fall within paragraph *(a)*, *(b)* or *(c)* shall not carry on or hold itself out as carrying on business as a mutual fund in or from within the Virgin Islands,

unless, the mutual fund concerned is a public fund, a professional fund, a private fund or a recognised foreign fund.

(2) A person shall not act as the functionary, or otherwise be concerned with the management or administration, of a mutual fund that carries on business in or from within the Virgin Islands, unless the mutual fund concerned is a public fund, a professional fund, a private fund or a recognised foreign fund.

(3) For the purposes of this section, but without limiting the section—

(a) a mutual fund, whether incorporated, formed or organised within or outside the Virgin Islands, is deemed to carry on business in the Virgin Islands, if—

(i) it operates from a place of business in the Virgin Islands; or

(ii) it solicits an individual within the Virgin Islands to subscribe for, or purchase, any of its fund interests; and

(b) a mutual fund that carries on business outside the Virgin Islands, is deemed to carry on business from within the Virgin Islands if it is—

(i) a BVI business company;

(ii) a partnership formed under the laws of the Virgin Islands; or

(iii) a unit trust governed by the trust laws of the Virgin Islands and managed from within the Virgin Islands.

(4) For the avoidance of doubt, a foreign fund does not carry on business in the Virgin Islands as a mutual fund solely by reason of the fact that it appoints a licensee as its fund administrator, fund manager, investment advisor or custodian.

Prohibition against promotion of mutual funds

42. (1) A person, including the mutual fund itself, shall not, whether in or from within the Virgin Islands, promote a mutual fund unless—

(a) the fund is—

(i) a public fund;

(ii) a professional or private fund; or

(iii) a recognised foreign fund; and

the fund is promoted as permitted by this Act; or

(b) the communication or advice is exempted by the Mutual Fund Regulations made in accordance with subsection (3).

(2) Without limiting subsection (1), a person promotes a mutual fund if he or she communicates, or causes to be communicated, an invitation or inducement to any other person, or advises or procures any other person, to become an investor, or to offer to become an investor, in a mutual fund.

(3) The Mutual Fund Regulations may provide that subsection (1) does not apply in relation to communications or advice—

(a) of a specified category or description; or

(b) made or given in specified circumstances.

General exemptions to prohibition

43. (1) A mutual fund incorporated, formed or organised outside the Virgin Islands does not solicit an individual within the Virgin Islands to subscribe for, or purchase, any of its fund interests in circumstances where the subscription or purchase is a result of an approach made by the individual to the fund without any solicitation being made by or on behalf of the fund.

(2) The Mutual Fund Regulations may specify circumstances in which section 41(1) or (2) does not apply with respect to certain specified categories or descriptions of mutual fund or person.

Exemptions: fund to be recognised as professional fund

44. (1) A mutual fund may carry on business in or from within the Virgin Islands, as if a professional fund, for a continuous period not exceeding twenty-one days, if the fund—

(a) satisfies the criteria for a professional fund specified in section 55(2)*(a)*, *(c)* and *(d)*; and

(b) complies with, and is managed and administered in accordance with, the requirements of this Act and the Mutual Fund Regulations relating to professional funds, other than with respect to recognition.

(2) A mutual fund that commences business in reliance on subsection (1) shall submit an application with the Commission for recognition as a professional fund within 14 days after the commencement of its business.

(3) For the purposes of the Financial Services Commission Act, a fund that commences business in reliance on subsection (1) is deemed to have been recognised as a professional fund for the period in which it carries on business in reliance on subsection (1).

(4) During the period in which a mutual fund carries on business in accordance with subsection (1)—

(a) the fund, a partner of the fund or, where the fund is a unit trust, the trustee, does not commit an offence under section 41(1);

(b) a person does not commit an offence under section 41(2) by acting as the functionary of or being concerned with management or administration of the fund; and

(c) a person does not commit an offence under section 42(1) by promoting the fund.

Public funds

Registration of fund as public fund

45. (1) Application may be made to the Commission for the registration of a mutual fund as a public fund by—

(a) in the case of a mutual fund that is a BVI business company, the company itself; or

(b) in the case of a unit trust, by the trustee.

(2) The Commission may grant an application for registration under subsection (1), if it is satisfied that—

(a) the fund is—

(i) a BVI business company; or

(ii) a unit trust that is governed by the trust laws of the Virgin Islands and has a trustee that is based in the Virgin Islands;

(b) the fund satisfies the requirements of this Act and, where applicable, the Public Funds Code with respect to the application;

(c) the fund will, on registration, be in compliance with this Act, the Public Funds Code, where applicable, and any practice directions applicable to the fund;

(d) the fund's functionaries satisfy the Commission's fit and proper criteria;

(e) the fund has, or on registration will have, an independent custodian;

(f) the fund's name is not undesirable or misleading; and

(g) registering the fund is not against the public interest.

(3) Where the Commission grants an application for registration under subsection (1), it shall—

(a) register the public fund in the Register of Public Funds; and

(b) issue the fund with a certificate of its registration in the approved form.

(4) The registration of a public fund is subject to such conditions as may be imposed by the Commission under section 40B of the Financial Services Commission Act.

Prohibition on invitation to public to subscribe by public fund

46. (1) A public fund shall not, whether in or outside the Virgin Islands, make an invitation to the public to subscribe for or purchase its fund interests, unless the invitation—

(a) is contained in a registered prospectus; and

(b) complies with such requirements as may be specified in the Mutual Fund Regulations and the Public Funds Code.

(2) For the purposes of subsection (1), an invitation to any person, whether in or outside the Virgin Islands, to subscribe for or purchase fund interests, is an invitation to the public to subscribe for or purchase fund interests.

(3) Subsection (1) does not apply to an invitation that is deemed not to be an invitation to the public under section 47.

Circumstances in which invitation not invitation to the public

47. An invitation to a person to subscribe for or purchase fund interests is deemed not to constitute an invitation to the public if—

(a) the invitation is made to, or directed exclusively at, one or more of the following—

(i) an experienced investor;

(ii) a person having a close connection with the issuer; or

(iii) the Government of the Virgin Islands;

(b) the minimum aggregate purchase price payable by a person for the fund interests acquired by him or her pursuant to the invitation—

(i) must be paid before the fund interests are issued; and

(ii) equals or exceeds the minimum specified in the Mutual Fund Regulations, or the equivalent in another currency; or

(c) the invitation is made—

(i) to such persons;

(ii) with respect to fund interests issued, or to be issued, by such persons; or

(iii) in such circumstances,

as may be specified in the Mutual Fund Regulations.

Form and content of prospectus

48. (1) A prospectus intended to be submitted to the Commission for registration shall—

(a) be in writing, be dated and be signed by or on behalf of—

(i) in the case of a BVI business company, the board of the company; or

(ii) in the case of a BVI unit trust, the fund manager or the trustee of the trust;

(b) provide full and accurate disclosure of all such information as investors would reasonably require and expect to find for the purpose of making an informed investment decision;

(c) contain a summary statement of investors' rights as provided in section 52;

(d) be in the form, contain the information, statements, certifications and other matters specified in the Public Funds Code; and

(e) have attached to it such documents as may be specified in the Public Funds Code.

(2) The date of a prospectus shall be the date the prospectus is registered by the Commission and such date shall be clearly written on the prospectus. *(Substituted by Act 13 of 2012)*

(2A) The date of registration of a prospectus shall not be construed to prevent the prospectus from bearing a different date of issue.

(2B) Where a prospectus bears a date of issue that is different from the date of registration of the prospectus by the Commission, the date of issue of the prospectus shall not be earlier than the date of registration of the prospectus by the Commission. *(Inserted by Act 13 of 2012)*

(3) Any documents attached to a prospectus referred to in subsection (1) shall comply with the requirements contained in the Public Funds Code.

Registration of prospectus

49. (1) An application may be made to the Commission for the registration of a prospectus by the directors of a public fund that is a company or the trustee of a public fund that is a unit trust.

(2) If all or any part of the prospectus is not in the English language, the Commission may require that an English translation of the prospectus or that part of the prospectus, verified in a manner satisfactory to the Commission, be provided along with the prospectus.

(3) Subject to subsection (4), the Commission may register a prospectus if it is satisfied that it complies with this Act.

(4) The Commission shall not register a prospectus if it is of the opinion that, although complying with this Act—

(a) the prospectus contains a material error or misdescription or a statement that is misleading, omits a material fact or particular or is unclear;

(b) the prospectus does not provide full and accurate disclosure of all such information as investors would reasonably require and expect to find for the purpose of making an informed investment decision; or

(c) approving the prospectus would be contrary to the public interest.

(5) The Commission shall—

(a) if it registers the prospectus, provide the applicant with written confirmation of its approval; or *(Amended by Act 13 of 2012)*

(b) if it refuses to register the prospectus, provide the applicant with a written notice of its decision.

(6) For the avoidance of doubt, section 40B of the Financial Services Commission Act applies to an application under this section.

Prospectus: supplementary provisions

50. (1) A public fund shall make its prospectus available to each of its investors and provide a copy upon request.

(2) Where any of the disclosures required under section 48(1)*(b)* cease to be accurate in a material particular, the public fund concerned shall, within fourteen days of the change occurring, apply to the Commission under section 51 to register an amended prospectus giving accurate disclosures and, when registered, provide a copy of the amended prospectus to each of its investors.

(3) Any advertisement issued or published, in whatever form or through whatever medium, by or on behalf of a public fund, the purpose of which is to make an invitation to the public or any section thereof to subscribe for or purchase fund interests issued by a public fund shall contain information as to where, at what times and at what cost, if any, a copy of the prospectus can be obtained and a copy of the advertisement shall be provided to the Commission within 14 days of its publication.

Amendment of prospectus

51. (1) An application to the Commission to register an amended prospectus—

(a) may be made by the directors of a public fund that is a BVI business company or the trustee of a public fund that is a unit trust at any time during the relevant period; and

(b) shall be made by the directors of a public fund that is a BVI business company or the trustee of a public fund that is a unit trust if, during the relevant period, the directors become, or the trustee becomes, aware that the registered prospectus—

(i) contains a material error; or

(ii) omits a material fact or particular.

(2) For the purposes of subsection (1), the "relevant period" is the period commencing with the registration of the prospectus and ending with the closure of the offer of fund interests to which the prospectus relates.

(3) Section 48 applies to an amended prospectus and section 49 applies to the registration of an amended prospectus as if, in each case, the amended prospectus was the original prospectus.

Investors' rights

52. (1) If a public fund issues a prospectus that contains any misrepresentation relating to any of the disclosures required under section 48(1)*(b)*, a person who purchased any fund interests on the basis of the prospectus is deemed to have relied upon the misrepresentation and shall have the rights provided in subsection (2).

(2) A person referred to in subsection (1) may elect to exercise a right of action—

(a) for the rescission of the purchase; or

(b) for damages, jointly and severally against the fund, and every director of the fund, or in the case of a unit trust, every member of the equivalent governing body who, while aware of the misrepresentation, or would have been aware of the misrepresentation had he or she made reasonable investigations consistent with his or her duties, authorised the signing of, or approved, the prospectus and consented to its issue.

(3) For the purposes of this section, "misrepresentation" means—

(a) an untrue or misleading statement with respect to any of the disclosures required under section 48(1)*(b)*; or

(b) an omission to disclose any of the disclosures required.

(4) No person is liable under this section if he or she proves that the purchaser purchased the fund interests offered by the prospectus with knowledge of the misrepresentation.

(5) The right of action for rescission or for damages conferred by subsection (2) is in addition to and without derogation from any other right the purchaser may have at law.

Limitation of action and amount recoverable

53. (1) Notwithstanding any provision of any other enactment to the contrary, any action under section 52(2) shall not be commenced after the earlier of—

(a) 180 days from the day that the investor first had knowledge of the misrepresentation; or

(b) 2 years from the date of the purchase transaction that gave rise to the cause of action.

(2) In any action under section 52(2), the amount recoverable shall not exceed the amount for which the fund interests were purchased or subscribed, including any fees or other charges paid by the investor.

Appointment and termination of directors, functionaries and others

54. (1) No person shall be appointed as a director or functionary of a public fund without the prior written approval of the Commission.

(2) The Commission shall not grant an approval under subsection (1) unless it is satisfied that the person concerned satisfies its fit and proper criteria and, where applicable, complies with the requirements of any guidelines issued by the Commission for the approval of such a person.

(3) Written notice shall be given to the Commission within—

(a) 7 days after—

(i) a director ceases to hold office with a public fund; or

(ii) a functionary ceases to act for a public fund; or

(b) such longer period as the Commission may specify.

(4) The notice provided under subsection (3) shall include a statement of the reasons and any other matters required under any guidelines issued by the Commission for the director ceasing to hold office with, or the functionary ceasing to act for, the public fund and a written notice shall be deemed not to be provided under that subsection if it does not include such a statement.

Private and professional funds

Recognition of private and professional funds

55. (1) An application may be made to the Commission for the recognition of a mutual fund as a private fund or as a professional fund by—

(a) in the case of a mutual fund that is a company, the fund itself;

(b) in the case of a unit trust, by the trustee;

(c) in the case of a mutual fund that is a partnership, by a partner;

(d) in any other case by the manager, or proposed manager, of the fund.

(2) The Commission may recognise a mutual fund as a private fund or a professional fund if it is satisfied that—

(a) the fund is lawfully incorporated, constituted, formed or organised under the laws of the Virgin Islands or under the laws of a country outside the Virgin Islands;

(b) in the case of a private fund, the constitutional documents of the fund specify that—

(i) the fund is not authorised to have more than 50 investors; or

(ii) an invitation to subscribe for, or purchase, fund interests issued by the fund shall be made on a private basis only;

(c) in the case of a professional fund, the constitutional documents of the fund specify that—

(i) the fund interests of the fund shall be issued only to professional investors; and

(ii) the initial investment of each investor in the fund, other than exempted investors, shall be not less than such sum as may be prescribed in the Mutual Fund Regulations;

(d) the fund satisfies such other criteria as may be specified for recognition of a private or professional fund, as the case may be, in the Mutual Fund Regulations;

(e) the fund satisfies the requirements of this Act with respect to the application;

(f) the fund will, on being recognised, be in compliance with this Act and any practice directions applicable to the fund;

(g) recognising the fund as a private or professional fund is not against the public interest.

(3) For the purposes of subsection (2)*(b)*(ii), an invitation to subscribe for, or purchase, fund interests issued by a mutual fund on a private basis includes an invitation which is made—

(a) to specified persons (however described) and is not calculated to result in fund interests becoming available to other persons or to a large number of persons; or

(b) by reason of a private or business connection between the person making the invitation and the investor.

(4) For the purposes of subsection (2)*(c)*, the minimum investment limit referred to does not apply in respect of an investment made by a person specified in the Mutual Funds Regulations as an exempted investor.

(5) Where the Commission grants an application for recognition under subsection (1), it shall—

(a) register the fund in the Register of Private Funds or the Register of Professional Funds, as appropriate; and

(b) issue the fund with a certificate of recognition in the approved form.

(6) The recognition of a private or professional fund is subject to such conditions as may be imposed by the Commission under section 40B of the Financial Services Commission Act.

Obligation to act in accordance with constitutional documents

56. (1) No private or professional fund shall make any offer or invitation of its fund interests, issue any fund interests or carry on business in any manner that would result in the fund—

(a) in the case of a private fund—

(i) having more than 50 investors; or

(ii) making any invitation to subscribe for, or purchase, its fund interests otherwise than on a private basis; or

(b) in the case of a professional fund, issuing fund interests—

(i) to any person who is not a professional investor; or

(ii) where the initial investment, in respect of a professional investor who is not an exempted investor, is less than the sum prescribed in the Mutual Fund Regulations.

(2) Without limiting subsection (1), no person shall be accepted as an investor in a private or professional fund unless that person has provided—

(a) in the case of a professional fund, written confirmation that he or she is a professional investor within the meaning specified in section 40(1); and

(b) in the case of a private or professional fund, a written acknowledgment that he or she has received, understood and accepted the investment warning prescribed in the Mutual Funds Regulations. *(Amended by Act 13 of 2012)*

Recognised foreign funds

Recognition of a foreign fund

57. (1) An application may be made to the Commission by a foreign fund or by its manager for the fund to be a recognised foreign fund.

(2) The Commission may grant an application for the recognition of a foreign fund if the Commission is satisfied that—

(a) the fund complies with the requirements of this Act in respect of the application and will, upon being recognised, be in compliance with the requirements of this Act with respect to recognised foreign funds;

(b) the fund is subject to an authorisation and supervisory regime in the jurisdiction in which it is constituted that, in the opinion of the Commission, provides to investors in the Virgin Islands protection at least equivalent to the protection provided under this Act for investors of public funds;

(c) adequate arrangements exist, or will exist, for co-operation between the authorities of the country responsible for the authorisation and supervision of the fund and the Commission; and

(d) the fund is being operated and managed in compliance with the authorisation and supervisory regime to which it is subject.

Mutual Fund Regulations may provide for recognised foreign funds

58. The Mutual Fund Regulations may make provision with respect to recognised foreign funds, including as to—

(a) the submission to the Commission and the publication of such particulars as regards recognised foreign funds as may be prescribed;

(b) the notifications to be provided to the Commission with respect to recognised foreign funds, including as to the amendment of the constituting instruments of a recognised foreign fund and changes of the functionaries of a recognised foreign fund;

(c) the maintenance in the Virgin Islands of deposits and property by and with respect to recognised foreign funds.

Provisions applicable generally to registered and recognised funds

Maintenance of financial records

59. (1) A mutual fund that is a public fund, a private fund or a professional fund shall maintain records that are sufficient—

(a) to show and explain its transactions;

(b) at any time, to enable its financial position to be determined with reasonable accuracy;

(c) to enable it to prepare such financial statements and make such returns as it is required to prepare and make under this Act and the Mutual Funds Regulations; and

(d) if applicable, to enable its financial statements to be audited in accordance with this Act.

(2) The Mutual Fund Regulations may specify—

(a) the form and manner in which the records specified in subsection (1) are to be maintained;

(b) the place where the records required to be maintained under subsection (1) and under the Mutual Fund Regulations are required to be kept; and

(c) other records required to be maintained by a mutual fund to which this section applies, and the form, manner and place in which such records are to be maintained.

(3) A mutual fund to which this section applies shall retain the records required to be maintained under this section for a period of at least 5 years after the completion of the transaction to which they relate.

(4) Subsection (3) applies to a mutual fund after the cancellation or revocation of its registration or recognition as if the registration or recognition had not been cancelled or revoked.

Modification of Financial Services Commission Act with respect to mutual funds

60. (1) In addition to the grounds specified in section 37(1) of the Financial Services Commission Act, the Commission may take enforcement action under that section against a public, private or professional fund or a recognised foreign fund if—

(a) a functionary of the fund does not, in the Commission's opinion, satisfy its fit and proper criteria; or

(b) the fund no longer satisfies the criteria specified in this Act for its registration or recognition.

(2) Without limiting the powers of the Commission under section 40 of the Financial Services Commission Act, where the Commission is entitled to take enforcement action against a public, private or professional fund, it may issue a directive that the fund suspends the issuance or redemption, or both, of fund interests in the fund.

(3) Section 40D(1) of the Financial Services Commission Act also applies to a functionary of a public, private or professional fund.

Exemptions from certain enactments

61. (1) This section applies to a public fund, a private fund, a professional fund and a recognised foreign fund and references in this section to a "fund" are to a fund to which this section applies.

(2) Subject to subsection (4), a person to whom this subsection applies is exempt from the payment of income tax under the Income Tax Ordinance and stamp duty under the Stamp Act.

(3) Subsection (2) applies to—

(a) a fund; and

(b) an investor in a fund—

(i) where the investor is not ordinarily resident or domiciled in the Virgin Islands; and

(ii) with respect to any fund interest that he or she holds.

(4) Subsection (2) does not apply to an instrument relating to—

(a) the transfer to or by a fund of an interest in land situate in the Virgin Islands; or

(b) transactions in respect of fund interests of a fund, the assets of which include an interest in any land in the Virgin Islands.

(5) For the purposes of subsection (4), a fund has an interest in land in the Virgin Islands if—

(a) any fund with which it is connected has an interest in land in the Virgin Islands; or

(b) the fund, or any fund with which it is connected, has an interest in a land owning company.

(6) For the purposes of subsection (5), "land owning company" has the meaning specified in section 242(5) of the BVI Business Companies Act.

(7) Notwithstanding any provision of the Registration and Records Act, all deeds and other instruments relating to—

(a) transfers of property to or by a fund;

(b) transactions in respect of the fund interests in a fund; and

(c) other transactions relating to the business of a fund,

are exempt from the provisions of that Act.

Mutual Fund Regulations

62. (1) The Cabinet may, on the advice of the Commission, make Mutual Fund Regulations—

(a) providing for the establishment, operation and supervision of mutual funds;

(b) generally for giving effect to this Part and for the administration of this Part by the Commission; and

(c) in respect of anything permitted by this Act to be contained in the Regulations.

(2) Without limiting subsection (1), the Mutual Fund Regulations may—

(a) provide for—

(i) applications for the registration or recognition of mutual funds;

(ii) the designation of classes and sub-classes of mutual funds;

(iii) the management, control and administration of mutual funds, including the functionaries required to be appointed by, or with respect to a mutual fund, the persons who may be appointed as the functionary of a mutual fund and the duties of functionaries;

(iv) the custodial arrangements to be put in place with respect to mutual funds;

(v) the circumstances in which an offer document is required to be issued and distributed by a private or professional fund, the form and content of offer documents and other requirements relating to offer documents;

(vi) the reporting of information and the submission of documents to the Commission, including periodic returns, and the verification of the information or documents, and returns to be submitted to the Commission by and in respect of funds;

(vii) the issue and redemption of fund interests;

(viii) the rights of investors;

(ix) title to, and the transfer of, fund property;

(x) conflicts of interest in relation to the operation and management of funds;

(xi) the segregation of fund property;

(xii) the income of a mutual fund;

(xiii) meetings of investors;

(xiv) names that may, or shall not, be used by a mutual fund;

(xv) the retention of records by funds and fund functionaries; and

(xvi) the preparation and audit of the financial statements of a mutual fund; and

(b) specify requirements and restrictions with respect to—

(i) the constitutional documents of a mutual fund;

(ii) investments and borrowing;

(iii) pricing and dealing;

(iv) the suspension and termination by a mutual fund of its operation or business;

(v) the valuation of assets and liabilities; and

(vi) payments made, and benefits provided, to the functionaries of a mutual fund.

(3) The Mutual Fund Regulations may—

(a) specify matters relating to the establishment and operation of public funds, including any matters specified in subsection (2), that may be provided for in the Public Funds Code;

(b) make different provision in relation to different persons, circumstances or cases;

(c) provide for offences and penalties for any prohibition or contravention or failure to comply with a requirement specified in the Regulations; and

(d) include such transitional provisions as may be considered necessary or appropriate.

Regulations establishing new fund business

62A. (1) The Cabinet may, on the advice of the Commission, make Regulations—

(a) establishing such other fund business as is not specified in this Act as it considers appropriate;

(b) providing for the operation and administration of such fund business; and

(c) generally for such fund business to benefit from anything permitted by this Act.

(2) Regulations made under subsection (1) may—

(a) make different provisions in relation to different persons, circumstances or cases; and

(b) provide for offences and penalties for any contravention of or failure to comply with specified requirements of the Regulations.

(3) Without prejudice to the generality of subsection (1) but subject to subsection (4), regulations made under subsection (1) may, in particular—

(a) provide for the approval or licensing by the Commission of other fund business which conduct or engage in certain types of activity as may be specified in the Regulations; and

(b) disapply or limit the scope of application of this Act or any provision thereof to any fund business approved or licensed by the Commission by virtue of paragraph *(a)*.

(4) Regulations made under subsection (1) shall take into account risks that may be posed by or associated with approving or licensing other fund business and may—

(a) provide such restrictions and conditions as may be considered necessary;

(b) provide an asset threshold that applies in relation to the fund business;

(c) specify a limit in the number of investors that the fund business may accept or administer;

(d) provide a term limit as to the period the fund business may remain in existence and, in that regard, may allow for the fund business the option of converting into a private or professional fund or other fund as may be specified;

(e) require the fund business to file with the Commission periodic returns on such matters as may be considered necessary; and

(f) provide for such other matters as may be considered necessary for the efficient and effective functioning of the fund business.

(5) A penalty provided for an offence under Regulations made pursuant to subsection (1) may not exceed—

(a) in the case of a fine, the sum of $20,000; and

(b) in the case of a period of imprisonment, the term of 3 years.

(Inserted by Act 7 of 2015)

Public Funds Code

63. (1) The Commission may, with the approval of the Board, issue a Public Funds Code providing for—

(a) the establishment and operation of public funds; and

(b) anything permitted by the Mutual Funds Regulations to be contained in the Public Funds Code.

(2) The Commission may, with the approval of the Board, amend the Public Funds Code in such manner and to such extent as it may determine.

(3) The Public Funds Code may—

(a) make different provision in relation to different persons, circumstances or cases; and

(b) include such transitional provisions as the Commission considers necessary or appropriate.

(4) The Public Funds Code, and any amendment thereto, shall be published in the *Gazette*.

(5) Subject to subsection (6), the Commission may, on the application of, or with the consent of, a public fund, by notice in writing direct that specified provisions in the Public Funds Code—

(a) shall not apply to the fund; or

(b) shall apply to the fund subject to such modifications as the Commission may specify.

(6) An exemption or modification under subsection (5) may be given subject to such conditions as the Commission considers appropriate, and section 40B of the Financial Services Commission Act applies to such conditions as if they were licence conditions.

(7) The Commission may, at any time, revoke or vary an exemption from, or modification of, the Public Funds Code given under subsection (5).

PART IIIA

PRIVATE INVESTMENT FUNDS

Interpretation

Interpretation for this Part

63A. In this Part, unless the context otherwise requires—

"appointed person", in relation to a private investment fund, means a person responsible for undertaking—

(a) the management of a fund's assets;

(b) the valuation of a fund's assets;

(c) the safekeeping of a fund's assets; or

(d) such other function with respect to a fund as may be specified in the Private Investment Fund Regulations;

"constitutional documents" means—

(a) in the case of a company, the memorandum and articles of association, the company's constitution or such other equivalent constituting instrument;

(b) in the case of a partnership, the agreement or other instrument by which the partnership is formed and governed;

(c) in the case of a unit trust, the trust deed or other equivalent instrument by which the unit trust is organised or governed;

(d) in the case of a private investment fund that does not fall within paragraph *(a)*, *(b)* or *(c)*, the principal instrument by which the fund is constituted, formed or organised and governed;

"private investment fund" means a company, a partnership, a unit trust or any other body that is incorporated, registered, formed or organised, whether under the laws of the Virgin Islands or the laws of any other country, which—

(a) collects and pools investor funds for the purpose of collective investment and diversification of portfolio risk; and

(b) issues fund interests, which entitle the holder to receive an amount computed by reference to the value of a proportionate interest in the whole or in a part of the net assets of the company, partnership, unit trust or other body;

"professional investor" means a person—

(a) whose ordinary business involves, whether for that person's own account or the account of others, the acquisition or disposal of property of the same kind as the property, or a substantial part of the property, of the fund; or

(b) who has signed a declaration that he, whether individually or jointly with his spouse, has net worth in excess of such sum as shall be specified in the Private Investment Funds Regulations or its equivalent in any other currency and that he consents to being treated as a professional investor.

Prohibitions and recognition of private investment funds

63B. (1) Subject to subsection (2) and sections 63D and 63E—

(a) a company shall not carry on business or hold itself out as carrying on business as a private investment fund in or from within the Virgin Islands;

(b) the partners of a partnership that is a private investment fund shall not carry on or hold themselves out as carrying on the business of the fund in or from within the Virgin Islands;

(c) the trustee of a unit trust that is a private investment fund shall not carry on or hold itself out as carrying on the business of the unit trust in or from within the Virgin Islands; and

(d) a private investment fund that does not fall within paragraph *(a)*, *(b)* or *(c)* shall not carry on or hold itself out as carrying on business as a private investment fund in or from within the Virgin Islands.

(2) The restrictions outlined in subsection (1) shall not apply—

(a) to a private investment fund that is recognised under the Act;or

(b) to any fund or person or class of funds or persons specified by the Commission, through an Order published in the *Gazette*.

(3) A person shall not act as an appointed person, or otherwise be concerned with the management or valuation, of a private investment fund that carries on business in or from within the Virgin Islands, unless the fund concerned is recognised as a private investment fund.

(4) For the purposes of this section, but without limiting the section—

(a) a private investment fund, whether incorporated, registered, formed or organised within or outside the Virgin Islands, is deemed to carry on business in the Virgin Islands if—

(i) it operates from a place of business in the Virgin Islands; or

(ii) it solicits an individual within the Virgin Islands to subscribe for, or purchase, any of its fund interests; and

(b) a private investment fund that carries on business outside the Virgin Islands, is deemed to carry on business from within the Virgin Islands if it is—

(i) a BVI business company;

(ii) a partnership formed or organised under the laws of the Virgin Islands; or

(iii) a unit trust governed by the laws of the Virgin Islands and managed from within the Virgin Islands.

Prohibition against promotion of private investment funds

63C. (1) A person, including the private investment fund itself, shall not, whether in or from within the Virgin Islands, promote a private investment fund unless—

(a) the fund is recognised as a private investment fund and is promoted as permitted by this Act; and

(b) the communication or advice is exempted by the Private Investment Funds Regulations made in accordance with subsection (3).

(2) A person promotes a private investment fund if he or she communicates, or causes to be communicated, an invitation or inducement to any other person, or advises or procures any other person, to become an investor, or to offer to become an investor, in a private investment fund.

(3) The Private Investment Funds Regulations may provide that subsection (1) does not apply in relation to communications or advice—

(a) of a specified category or description; or

(b) made or given in specified circumstances.

General exemptions to prohibition

63D. (1) A private investment fund incorporated, registered, formed or organised outside the Virgin Islands does not solicit an individual within the Virgin Islands to subscribe for, or purchase, any of its fund interests in circumstances where the subscription or purchase is a result of an approach made by the individual to the fund without any solicitation being made on or on behalf of the fund.

(2) The Private Investment Funds Regulations may specify circumstances in which section 63B(1) or (2) does not apply with respect to certain specified categories or descriptions of private investment fund or person.

Specific exemptions

63E. (1) A private investment fund may carry on business in or from within the Virgin Islands as if a private investment fund, prior to submitting its application for recognition, for a period not exceeding 21 days, if the fund—

(a) satisfies the criteria for a private investment fund specified in section 63F(2)*(a)*, *(b)* and *(c)*; and

(b) complies with the requirements of this Act and the Private Investment Funds Regulations relating to private investment funds, other than with respect to recognition.

(2) A private investment fund that commences business in reliance on subsection (1) shall submit an application with the Commission for recognition as a private investment fund within 14 days after the commencement of its business.

(3) For the purposes of the Financial Services Commission Act, a fund that commences business in reliance on subsection (1) is deemed to have been recognised as a private investment fund for the period in which it carries on business in reliance on subsection (1).

(4) During the period in which a private investment fund carries on business in accordance with subsection (1)—

(a) the fund, a partner of the fund or, where the fund is a unit trust, the trustee, does not commit an offence under section 63B(1);

(b) a person does not commit an offence under section 63B(2) by acting as the appointed person of or being concerned with the management or administration of the fund; and

(c) a person does not commit an offence under section 63C(1) by promoting the fund.

Recognition of private investment funds

63F. (1) An application for the recognition of a private investment fund may be made to the Commission by—

(a) in the case of a private investment fund that is a company, the fund itself;

(b) in the case of a private investment fund that is a partnership, a partner;

(c) in the case of a private investment fund that is a unit trust, the trustee; and

(d) in any other case, the manager, or proposed manager, of the fund.

(2) The Commission may recognise a private investment fund if it is satisfied that—

(a) the fund is lawfully incorporated, registered, formed or organised under the laws of the Virgin Islands or under the laws of a country outside the Virgin Islands;

(b) the constitutional documents of the fund specify that—

(i) the fund is not authorised to have more than 50 investors;

(ii) an invitation to subscribe for, or purchase, fund interests issued by the fund shall be made on a private basis only; or

(iii) the fund interests of the fund shall be issued only to professional investors with an initial investment of each professional investor, other than exempted investors, of not less than such sum as may be prescribed in the Private Investment Funds Regulations;

(c) the fund satisfies such other criteria as may be specified for recognition of a private investment fund in the Private Investment Fund Regulations;

(d) the fund will, on being recognised, be in compliance with this Act, the Private Investment Fund Regulations and any practice directions applicable to the fund; and

(e) recognising the fund as a private investment fund is not against the public interest.

(3) For the purposes of subsection (2)*(b)*(ii), an invitation to subscribe for, or purchase, fund interests issued by a private investment fund on a private basis includes an invitation which is made—

(a) to specified persons (however described) and is not calculated to result in fund interests becoming available to other persons or to a large number of persons; or

(b) by reason of a private or business connection between the person making the invitation and the investor.

(4) For the purposes of subsection (2)*(c)*, the minimum investment limit referred to does not apply in respect of an investment made by a person specified in the Private Investment Funds Regulations as an exempted investor.

(5) Where the Commission grants an application for recognition under subsection (1), it shall—

(a) register the fund in the Register of Private Investment Funds; and

(b) issue the fund with a certificate of recognition, upon payment of the fee prescribed in accordance with section 62 of the Financial Services Commission Act.

(6) The recognition of a private investment fund is subject to such conditions as may be imposed by the Commission under section 40B of the Financial Services Commission Act.

Obligation to act in accordance with constitutional documents

63G. (1) No private investment fund shall make any offer or invitation of its fund interests, issue any fund interests or carry on business in any manner that would result in the fund—

(a) in the case of a fund whose constitutional documents make specifications in accordance with section 63F(2)(i), having more than 50 investors;

(b) in the case of a fund whose constitutional documents make specifications in accordance with section 63F(2)(ii), making any invitation to subscribe for, or purchase, its fund interests otherwise than on a private basis; or

(c) in the case of a fund whose constitutional documents make specifications in accordance with section 63F(2)(iii), issuing fund interests where the initial investment, in respect to a professional investor who is not an exempted investor, is less than the sum prescribed in the Private Investment Funds Regulations.

(2) Without limiting subsection (1), no person shall be accepted as an investor in a private investment fund whose constitutional documents make specifications in accordance with section 63F(2)(iii), unless that person has provided written confirmation that he or she is a professional investor within the meaning specified in section 63A(1).

Provisions applicable generally to recognised private investment funds

Maintenance of financial records

63H. (1) A private investment fund shall maintain records that are sufficient—

(a) to show and explain its transactions;

(b) at any time, to enable its financial position to be determined with reasonable accuracy; and

(c) to enable it to prepare such financial statements and make such returns as it is required to prepare and make under this Act and the Private Investment Funds Regulations.

(2) The Private Investment Funds Regulations may specify—

(a) the form and manner in which the records specified in subsection (1) are to be maintained;

(b) the place where records required to be maintained under subsection (1) and under the Private Investment Funds Regulations are required to be kept; and

(c) other records required to be maintained by a private investment fund to which this section applies, and the form, manner and place in which such records are to be maintained.

(3) A private investment fund to which this section applies shall retain the records required to be maintained under this section for a period of at least 5 years after the completion of the transaction to which they relate.

(4) Subsection (3) applies to a private investment fund after the cancellation or revocation of its recognition as if the recognition had not been cancelled or revoked.

(Inserted by Act 12 of 2019)

PART IV

PROVISIONS OF GENERAL APPLICATION

Authorised representatives

Application for certification as authorised representative

64. (1) An application may be made to the Commission for certification as an authorised representative by—

(a) a BVI business company;

(b) a partnership formed under the laws of the Virgin Islands; or

(c) an individual who is ordinarily or habitually resident in the Virgin Islands.

(2) The Commission may grant an application for certification under subsection (1), if it is satisfied that—

(a) the applicant satisfies the requirements of this Act and the Mutual Fund Regulations with respect to the application;

(b) the applicant satisfies the Commission's fit and proper criteria;

(c) where the applicant is a BVI business company, its directors and senior officers and any persons having a significant interest in the applicant satisfy the Commission's fit and proper criteria;

(d) where the applicant is a partnership, the partners satisfy the Commission's fit and proper criteria;

(e) certifying the applicant is not against the public interest.

(3) Without limiting the discretion given to the Commission under subsection (2), the Commission may refuse to certify an applicant if it is of the opinion that any person having a share or other interest in the applicant, whether legal or equitable, does not satisfy the Commission's fit and proper criteria.

(4) A certification issued under subsection (2) shall be in writing and in the approved form.

(5) A person who is certified as an authorised representative is not required to be licensed under the Business, Professions and Trade Licences Act to act in that capacity.

Licensees and funds to have authorised representative

65. (1) Subject to subsection (2), a licensee, and a public, private, professional, private investment or recognised foreign fund shall appoint and at all times have an authorised representative who shall be a person certified by the Commission under section 64. *(Amended by Act 12 of 2019)*

(2) Subsection (1) and section 66 do not apply to a licensee that has a significant management presence in the Virgin Islands.

(3) Criteria for determining whether a licensee has a significant management presence in the Virgin Islands shall be specified in the Regulatory Code.

(4) Where an authorised representative resigns or his appointment is terminated or becomes vacant for any reason, a licensee or a public, private, professional, foreign or private investment fund does not commit an offence, if it appoints another authorised representative within 21 days of the date of the previous authorised representative ceasing to do so. *(Substituted by Act 12 of 2019)*

(5) No person shall accept appointment, or act, as the authorised representative of a licensee or a public, private, professional, foreign or private investment fund unless the person has the benefit of a certification issued under section 64. *(Substituted by Act 12 of 2019)*

Functions of authorised representative

66. (1) The functions of an authorised representative are—

(a) to act as the main intermediary between the licensee, mutual fund or private investment fund that he or she represents, and the Commission; *(Substituted by Act 12 of 2019)*

(b) to accept service of notices and other documents on behalf of the licensee or mutual fund that he or she represents;

(c) to keep in the authorised representative's office in the Virgin Islands such records, or copies of such records, as may be prescribed—

(i) where he or she acts as authorised representative for a licensee, in the Regulatory Code; or

(ii) where he or she acts as authorised representative of a mutual fund, in the Mutual Fund Regulations or a private investment fund in the Private Investment Funds Regulations. *(Amended by Act 12 of 2019)*

(2) Except to the extent provided in the Regulatory Code, the Mutual Funds Regulations or the Private Investment Funds Regulations, as the case may be—

(a) all documents to be submitted by a licensee, a mutual fund or a private investment fund to the Commission shall be submitted by its authorised representative; and

(b) all fees to be paid by a licensee, a mutual fund or a private investment fund shall be paid by its authorised representative on behalf of the licensee, mutual fund or private investment fund.
(Substituted by Act 12 of 2019)

Financial statements and audit

Application of sections 68 to 80

67. (1) For the purposes of sections 68 to 80—

"prescribed" means, in the case of a relevant licensee, prescribed in the Regulatory Code and, in the case of a public fund, specified in the Mutual Fund Regulations; and

"relevant licensee" means a licensee designated in the Regulatory Code as a relevant licensee.

(2) Sections 68 to 80 apply to—

(a) a relevant licensee, except to the extent that they may be disapplied or modified by the Regulatory Code with respect to particular categories, types or descriptions of licensee; and

(b) a public fund, except to the extent that they are disapplied or modified by this Act or by the Mutual Fund Regulations.

Meaning of "financial year"

68. (1) The financial year end of a relevant licensee or a public fund is—

(a) the date specified in its application for a licence or registration; or

(b) such other date as may be notified to the Commission following its licensing or registration, provided that the financial year end shall not be less than 9 months, or more than 15 months, after the date of the previous financial year end.

(2) Subject to subsection (3), for the purposes of this Act, the financial year of a relevant licensee or a public fund is—

(a) in the case of its first financial year, the period from the date of its incorporation to the last day of the month specified in the application for a licence or registration provided to the Commission under subsection (1); and

(b) in the case of subsequent financial years, the period of one year commencing on the day immediately after the day of its previous financial year.

(3) Subsection (2) applies whether or not financial statements have actually been prepared for the financial year in question. *(Amended by Act 13 of 2012)*

(4) The Commission may, on the application of a relevant licensee or public fund, in respect of any financial year, direct that the financial year shall be a period not exceeding 18 months that is different to that determined in accordance with subsection (1).

Meaning of "financial statements"

69. In this Act, the Regulatory Code and the Mutual Fund Regulations, "financial statements", in relation to a relevant licensee or a public fund, and to a financial year, means—

(a) a statement of the financial position of the licensee or public fund as at the last date of the financial year;

(b) a statement of the financial performance of the licensee or public fund in relation to the financial year;

(c) a statement of cash flows for the licensee or public fund in relation to the financial year;

(d) in the case of a relevant licensee, such statement relating to the prospects for the business of the licensee as may be prescribed or specified in the Mutual Fund Regulations, or as may be required by the accounting standards in accordance with which the financial statements are prepared; and

(e) such other statements as may be prescribed or specified in the Mutual Fund Regulations,

together with any notes or other documents giving information relating to the matters specified in paragraphs *(a)*, *(b)*, *(c)*, *(d)* or *(e)*.

Preparation of financial statements

70. (1) A relevant licensee and a public fund shall prepare for each financial year financial statements that comply with such accounting standards as may be prescribed.

(2) If, in complying with the accounting standards in accordance with which they are prepared, the financial statements do not give a true and fair view of the matters to which they relate, the notes to the financial statements shall contain such information and explanations as will give a true and fair view of those matters.

(3) The financial statements prepared under subsection (1) shall—

(a) be approved by the directors of the relevant licensee or public fund or, where the public fund is a unit trust, by the trustee; and

(b) be signed by, in the case of a public fund that is a unit trust, the trustee, and in any other case by at least one director on behalf of all the directors, following approval under paragraph *(a)*.

(4) The director, or trustee, signing the financial statements shall state the date when the financial statements were approved by the directors or trustee and the date when he or she signs the financial statements.

Submission of financial statements to the Commission

71. (1) The financial statements of a relevant licensee, or public fund, signed by a director, or the trustee of a unit trust, in accordance with section 70 shall be submitted to the Commission within 6 months of the end of the financial year to which they relate, accompanied by—

(a) a director's certificate, or a trustee's certificate, in the approved form;

(b) an auditor's report;

(c) a report on the affairs of the licensee or public fund made in respect of the relevant financial year to—

(i) the members of the licensee; or

(ii) the investors of the public fund; and

(d) such other documents as may be prescribed.

(2) Unless accompanied by the certificates, reports and documents specified in subsection (1), the financial statements referred to in subsection (1) are deemed not to have been submitted to the Commission.

Submission of short period financial statements and reports

72. (1) A relevant licensee and a public fund shall, in respect of, and within, such periods as may be prescribed, submit to the Commission—

(a) short period financial statements, that may be unaudited;

(b) a return in the approved form;

(c) such other information and documentation as may be prescribed.

(2) In this section—

"financial statements" has the meaning specified in section 70 with the substitution of the period covered by the financial statements for "financial year"; and

"short period" means such period or periods shorter than a financial year in respect of which financial statements are required by the Regulatory Code to be submitted to the Commission.

Extension of time

73. (1) The Commission may, on the application of a relevant licensee or public fund, extend the time for compliance with section 71 or 72 for a period of, or where it grants more than one extension for an aggregate period not exceeding 6 months.

(2) An extension under subsection (1) may be granted subject to such conditions as the Commission considers appropriate.

Amendment of financial statements

74. (1) If the Commission considers that any document submitted by a relevant licensee or a public fund under section 71 or 72 is inaccurate or incomplete or is not prepared in accordance with this Act or the Regulatory Code, it may by written notice require the licensee or public fund to amend the document or to submit a replacement document.

(2) If a relevant licensee or public fund fails to comply with a notice under subsection (1), the Commission may reject the document.

Relevant licensee and public fund to appoint auditor

75. (1) A relevant licensee and a public fund shall appoint and at all times have an auditor for the purposes of auditing its financial statements.

(2) An auditor shall not be appointed under subsection (1) unless—

(a) he or she is qualified under the Regulatory Code to act as the auditor of a licensee;

(b) he or she has consented to act as auditor; and

(c) the auditor is an approved auditor within the meaning of subsection (3).

(3) For the purposes of subsection (2)*(c)*, "approved auditor" means—

(a) in the case of a relevant licensee, an auditor whose appointment the Commission has approved in writing prior to his or her appointment; and

(b) in the case of a public fund, an auditor who is approved by the Commission to act as the auditor of public funds.

(4) The Commission shall not approve the appointment of an auditor under subsection (3)*(a)* unless it is satisfied that he or she has sufficient experience and is competent to audit the financial statements of the relevant licensee.

(5) For the purposes of—

(a) subsection (3), the Commission may rely on such guidelines as it may issue in relation to the approval of an auditor;

(b) subsection (3)*(a)*, the approval of the Commission is not required where—

(i) the auditor appointed in respect of a financial year acted as the auditor of the relevant licensee in the previous financial year; and

(ii) the Commission has not revoked its approval of the auditor under section 78.

(6) A relevant licensee or public fund shall, within 14 days of the appointment of its auditor, submit a notice of appointment to the Commission.

(7) A relevant licensee and a public fund shall make such arrangements as are necessary to enable its auditor to audit its financial statements in accordance with this Act, the Regulatory Code and the Mutual Fund Regulations, including—

(a) by giving the auditor a right of access at all reasonable times to its financial records and to all other documents and records; and

(b) by providing the auditor with such information and explanations,

as the auditor reasonably requires for the purposes of the audit.

(8) Where, for whatever reason, a person ceases to be the auditor of a relevant licensee or public fund, the licensee or public fund does not commit an offence by failing to comply with subsection (1) if it appoints another auditor in accordance with this section within 2 months of the date that the person who was previously appointed auditor ceases to hold that appointment.

Audit and audit report

76. (1) An auditor shall carry out sufficient investigation to enable him or her to form an opinion on the financial statements, and prepare an audit report, in compliance with the Regulatory Code or the Mutual Fund Regulations, as the case may be.

(2) Upon completion of his or her audit of the financial statements of a relevant licensee or public fund, the auditor shall provide an audit report to the

licensee or public fund complying with the Regulatory Code or the Mutual Fund Regulations, as the case may be.

(3) The Commission may at any time, by notice in writing, direct a licensee or public fund to supply the Commission with a report, prepared by its auditor or such other person as may be nominated by the Commission, on such matters as the Commission may determine, which may include an opinion on the adequacy of the accounting systems and controls of the licensee or public fund.

(4) A report prepared under subsection (3) shall be at the cost of the licensee or public fund.

Obligations of auditors

77. (1) Notwithstanding anything to the contrary in any other enactment, the auditor of a relevant licensee or a public fund shall report immediately to the Commission any information relating to the affairs of the licensee that he or she has obtained in the course of acting as its auditor that, in his opinion, suggests that—

(a) the licensee or fund is insolvent or is likely to become insolvent or is likely to be unable to meet its obligations as they fall due;

(b) in the case of a licensee—

(i) the licensee is in breach of section 7 or 8;

(ii) the licensee has significant weaknesses in its internal controls which render it vulnerable to significant risks or exposures that have the potential to jeopardise the licensee's financial viability;

(c) a criminal offence has been or is being committed by the licensee or fund or in connection with the business of the licensee or fund; or

(d) serious breaches of this Act or the Regulatory Code or such enactments, Guidelines or Codes relating to money laundering or the financing of terrorism as may be issued or prescribed have occurred in respect of the licensee or fund or in connection with the business of the licensee or fund.

(2) Where the appointment of an auditor of a relevant licensee or public fund is terminated, or an auditor resigns before the expiration of his or her term of office, the auditor whose appointment has been terminated or who has resigned shall—

(a) forthwith inform the Commission of the termination of his or her appointment, or his or her resignation, and disclose to the Commission the circumstances that gave rise to such termination or resignation; and

(b) if, but for the termination of his or her appointment, he or she would have reported information to the Commission under subsection (1), he or she shall report the information concerned to the Commission, as if his or her appointment had not been terminated.

(3) The Commission may require an auditor of a relevant licensee or public fund to discuss any audit he or she has conducted or commenced with, or provide additional information regarding the audit to, the Commission.

(4) Where, in good faith, an auditor or former auditor provides any information to the Commission under subsection (1), (2) or (3), he or she is deemed not to be in contravention of any enactment, rule of law, agreement or professional code of conduct to which he or she is subject and no civil, criminal or disciplinary proceedings shall lie against him or her in respect thereof.

(5) The failure, in good faith, of an auditor or former auditor to provide a report or any information to the Commission under subsection (1), (2) or (3) does not confer upon any other person a right of action against the auditor which, but for that failure, he or she would not have had.

Powers of Commission re appointment of auditor

78. (1) Where the Commission is satisfied that the auditor of a relevant licensee or public fund has failed to fulfil his or her obligations under this Act or is otherwise not a fit and proper person to act as the auditor of a licensee or public fund, it may, by written notice to the licensee or public fund, revoke the approval of the appointment of the auditor and the licensee or public fund shall appoint a new auditor in accordance with section 75.

(2) A notice revoking the appointment of an auditor under subsection (1) shall be given to the auditor.

(3) If a licensee or public fund fails to appoint an auditor, the Commission may appoint an auditor for the licensee or public fund, as the case may be.

(4) An auditor appointed under subsection (3) is deemed for the purposes of this Act to have been appointed by the licensee or public fund.

Group financial statements

79. (1) Where a relevant licensee is a member of a group of companies, the relevant licensee may submit to the Commission its group financial statements, so long as the group financial statements are presented in a manner that would enable a proper evaluation of the licensee's financial position. *(Substituted by Act 13 of 2012)*

(2) The Commission may require that the group financial statements are audited by the auditor of the relevant licensee or by another auditor approved by the Commission. *(Amended by Act 13 of 2013)*

(3) The Regulatory Code may provide for the form and content of group financial statements to be submitted under this section.

Commission may require other licensee to have financial statements audited

80. (1) The Commission may, by written notice, require a licensee that is not a relevant licensee, to appoint an auditor and to submit audited financial statements to the Commission.

(2) The Commission shall in a written notice issued under subsection (1) specify the extent to which sections 68 to 79 apply to the licensee and its auditor.

General

Reporting of information to Commission

81. (1) A licensee, a public fund, a private fund, a professional fund and a recognised foreign fund shall report to the Commission such information as may be prescribed within such time and verified in such manner as may be prescribed.

(2) If the Commission considers that any information reported by a licensee, public fund, private fund, professional fund or recognised foreign fund under subsection (1) is inaccurate or incomplete or is not verified in such manner as may be prescribed, it may by written notice and within such time as it may specify, require the licensee or fund to report amended or additional information to the Commission or to verify the information in such manner as may be specified in the notice.

PART V

MARKET ABUSE

Interpretation

Interpretation for this Part

82. (1) For the purposes of this Part—

"acquiring", in relation to a security, includes—

(a) agreeing to acquire the security; or

(b) entering into a contract which creates the security;

"dealing", in relation to a security, means acquiring or disposing of the security, whether as principal or agent, or directly or indirectly procuring the acquisition of the security by any other person;

"disposing", in relation to a security, includes—

(a) agreeing to dispose of the security; or

(b) bringing to an end a contract which created the security;

"inside information" has the meaning specified in section 83;

"market information" means information consisting of one or more of the following facts—

(a) that securities of a particular kind have been or are to be acquired or disposed of, or that their acquisition or disposal is under consideration or the subject of negotiation;

(b) that securities of a particular kind have not been or are not to be acquired or disposed of;

(c) the number of securities acquired or disposed of or to be acquired or disposed of or whose acquisition or disposal is under consideration or the subject of negotiation;

(d) the price (or range of prices) at which securities have been or are to be acquired or disposed of or the price (or range of prices) at which securities whose acquisition or disposal is under consideration or the subject of negotiation may be acquired or disposed of;

(e) the identity of the persons involved or likely to be involved in any capacity in an acquisition or disposal;

"market maker" means a person who—

(a) holds himself or herself out, at all normal times in compliance with the rules of a securities market, as willing to acquire or dispose of securities; and

(b) is recognised as doing so under those rules;

"market rules", in relation to a securities market, means the rules that regulate the securities market in relation to the use and dissemination of information, provided that the rules are—

(a) specified under a law or regulations of the country in which the securities market is located; or

(b) made by the securities market, where the securities market is authorised to make such rules by a law or regulations of the country in which the securities market is located;

"professional intermediary" has the meaning specified in section 87;

"profit" includes the avoidance of a loss;

"public sector body" means—

(a) the Government of the Virgin Islands or the government, or local government, of any country outside the Virgin Islands;

(b) an international organisation specified in the Market Abuse Regulations; and

(c) the central bank of any country or group of countries;

"regulated market" means a market specified by the Commission by a notice published in the *Gazette* as a regulated market;

"securities market" means a securities market that is established by or under, or is regulated by or under, a law or regulations of a country in which the securities market is located; and

"security" has the meaning specified in Schedule 5.

(2) For the purposes of the definition of "dealing" in subsection (1), but without limiting it, a person procures an acquisition or disposal of a security if the security is acquired or disposed of by another person who is—

(a) his or her agent;

(b) his or her nominee; or

(c) acting at his or her direction in relation to the acquisition or disposal.

Meaning of "inside information"

83. "Inside information" means information which—

(a) relates to one or more particular securities or one or more particular issuers and not to securities generally or to issuers generally;

(b) is specific or precise in nature;

(c) has not been made public; and

(d) if it were made public, would be likely to have a significant effect on the price of any securities.

Meaning of having information as "insider"

84. (1) A person has information as an insider if—

(a) the information is inside information, and he or she knows that it is inside information; and

(b) he or she has the information, and knows that he or she has the information, from an inside source.

(2) For the purposes of subsection (1), a person has information from an inside source if—

(a) he or she has the information through—

(i) being a director, employee or shareholder of an issuer; or

(ii) having access to the information by virtue of his employment, office or profession; or

(b) the direct or indirect source of the information is a person within paragraph *(a)*.

Meaning of "made public"

85. (1) Without limiting the expression, information is "made public" if—

(a) it is published in accordance with the rules of a securities market for the purpose of informing investors and their professional advisers;

(b) it is contained in records which, by virtue of any laws or regulations of the country in which the securities market is located, are open to inspection by the public;

(c) it can be readily acquired by those likely to deal in any securities—

(i) to which the information relates; or

(ii) of an issuer to which the information relates; or

(d) it is derived from information which has been made public.

(2) Information may be treated as made public even though—

(a) it can be acquired only by persons exercising diligence or expertise;

(b) it is communicated to a section of the public and not to the public at large;

(c) it can be acquired only by observation;

(d) it is communicated only on payment of a fee; or

(e) it is published only outside the country, or the part of the country, in which the securities market is located and to which the information relates.

Meaning of "price-affected securities"

86. Securities are "price-affected securities" in relation to inside information, and inside information is "price-sensitive information" in relation to securities, if the information would, if made public, be likely to have a significant effect on the price of the securities and for this purpose, "price" includes value.

Meaning of "professional intermediary"

87. (1) Subject to subsection (2), a "professional intermediary" is a person who—

(a) carries on, and who holds himself or herself out to the public, or any section of the public including a section of the public constituted by persons such as himself or herself, as willing to carry on, the business of—

(i) acquiring or disposing of securities, whether as principal or agent; or

(ii) acting as an intermediary between persons taking part in any dealing in securities; or

(b) is employed by a person who carries on business in accordance with paragraph *(a)* to carry out such an activity.

(2) A person is not to be treated as a professional intermediary if—

(a) undertaking an activity specified in subsection (1)*(a)*(i) or (ii) is incidental to the carrying on of another business not specified in that subsection; or

(b) he or she undertakes an activity specified in subsection (1)*(a)*(i) or (ii) on an occasional basis only.

(3) A person dealing in securities relies on a professional intermediary if a person who is acting as a professional intermediary carries on an activity specified in subsection (1)*(a)*.

Insider dealing

Offence of insider dealing

88. (1) Subject to sections 89 and 90, a person who has information as an insider commits an offence if—

(a) he or she deals in securities that are price-affected securities in relation to the information where—

(i) the acquisition or disposal that constitutes the dealing takes place on a securities market; or

(ii) the person dealing relies on a professional intermediary or is himself or herself acting as a professional intermediary;

(b) he or she encourages another person to deal in securities that are, whether or not that other person knows it, price-affected securities in relation to the information, knowing or having reasonable cause to believe that the dealing would take place in the circumstances specified in paragraph *(a)*; or

(c) he or she discloses the information, otherwise than in the proper performance of the functions of his employment, office or profession, to another person.

(2) A person who commits an offence under this section is liable—

(a) on summary conviction, to a fine not exceeding $40,000 or imprisonment for a term not exceeding 3 years, or both; or

(b) on conviction on indictment, to a fine not exceeding $100,000 or imprisonment for a term not exceeding 5 years, or both.

Insider dealing defences

89. (1) A person does not commit an offence under section 88(1)*(a)* by virtue of dealing in securities if he or she proves that—

(a) he or she did not, at the time, expect the dealing to result in a profit attributable to the fact that the information in question was price- sensitive information in relation to the securities;

(b) at the time, he or she believed on reasonable grounds that the information had been disclosed widely enough to ensure that none of those taking part in the dealing would be prejudiced by not having the information; or

(c) he or she would have done what he or she did even if he or she had not had the information.

(2) A person does not commit an offence under section 88(1)*(b)* by virtue of encouraging another person to deal in securities if he or she proves that—

(a) he or she did not, at the time, expect the dealing to result in a profit attributable to the fact that the information in question was price-sensitive information in relation to the securities;

(b) at the time, he or she believed on reasonable grounds that the information had been or would be disclosed widely enough to

ensure that none of those taking part in the dealing would be prejudiced by not having the information; or

(c) that he or she would have done what he or she did even if he or she had not had the information.

(3) A person does not commit an offence under section 88(1)*(c)* by virtue of a disclosure of information if he or she proves that—

(a) he or she did not at the time expect any person, because of the disclosure, to deal in securities in the circumstances mentioned in section 88(1)*(a)*; or

(b) although he or she had such an expectation at the time, he or she did not expect the dealing to result in a profit attributable to the fact that the information was price-sensitive information in relation to the securities.

(4) A person does not commit an offence under section 88 by virtue of dealing in securities or encouraging another person to deal in securities if he or she proves that—

(a) he or she acted in good faith in the course of—

(i) his or her business as a market maker; or

(ii) his or her employment in the business of a market maker; or

(b) the information which he or she had as an insider was market information and it was reasonable for an individual in his or her position to have acted as he or she did despite having that information as an insider at the time.

(5) In determining for the purposes of subsection (4)*(b)* whether it is reasonable for a person to do any act despite having market information at the time, the following shall be taken into account—

(a) the content of the information;

(b) the circumstances in which he or she first had the information and in what capacity; and

(c) the capacity in which he or she now acts when the determination is made.

(6) A person does not commit an offence under section 88 by virtue of dealing in securities in a securities market or encouraging another person to deal in securities in a securities market if he or she proves that he or she acted in compliance with the market rules applicable to the securities market concerned.

(7) A person does not commit an offence under section 88 by virtue of dealing in securities or encouraging another person to deal if he or she proves—

(a) that he or she acted—

(i) in connection with an acquisition or disposal which was under consideration or the subject of negotiation, or in the course of a series of such acquisitions or disposals; and

(ii) with a view to facilitating the accomplishment of the acquisition or disposal or the series of acquisitions or disposals; and

(b) that the information which he or she had as an insider was market information arising directly out of his or her involvement in the acquisition or disposal or series of acquisitions or disposals.

Territorial scope: insider dealing

90. (1) A person does not commit an offence under section 88(1)*(a)* unless—

(a) he or she was within the Virgin Islands at the time when he or she is alleged to have done any act constituting or forming part of the alleged dealing; or

(b) the professional intermediary referred to in section 88(1)*(a)* was within the Virgin Islands at the time when he or she is alleged to have done anything by means of which the offence is alleged to have been committed.

(2) A person does not commit an offence under section 88(1)*(b)* or *(c)* unless—

(a) he or she was within the Virgin Islands at the time when he or she is alleged to have disclosed the information or encouraged the dealing; or

(b) the alleged recipient of the information or encouragement was within the Virgin Islands at the time when he or she is alleged to have received the information or encouragement.

Misleading information and market manipulation

Misleading statements and market manipulation

91. (1) A person commits an offence if, for the purpose specified in subsection (2), he or she—

(a) makes a statement, promise or forecast which he or she knows to be misleading, false or deceptive;

(b) dishonestly conceals any material facts; or

(c) recklessly makes, whether dishonestly or otherwise, a statement, promise or forecast which is misleading, false or deceptive.

(2) The purpose referred to in subsection (1) is the purpose of inducing another person, whether or not that other person is the person to whom the statement, promise or forecast is made or from whom the facts are concealed—

(a) to enter, or offer to enter into, or refrain from entering into, an agreement or arrangement the making of which or performing of which constitutes investment business; or

(b) to exercise, or refrain from exercising, any rights conferred by an investment.

(3) Subsection (2) applies whether the person intended to induce the other person or was reckless as to whether it would induce that other person, in the manner specified in that subsection.

(4) A person commits an offence if he or she does any act or engages in any course of conduct and—

(a) the act or course of conduct concerned creates a false or misleading impression as to the market, price or value of an investment;

(b) the person does the act or engages in the course of conduct concerned for the purpose of creating the impression and thereby inducing another person—

(i) to deal in the investment; or

(ii) refrain from doing so or to exercise, or refrain from exercising, any rights conferred by that investment.

(5) A person commits an offence under this section only if—

(a) the statement, promise or forecast is made in, or from, the Virgin Islands;

(b) the facts are concealed in, or from, the Virgin Islands; or

(c) the arrangement referred to in subsection (2)*(a)* are made in, or from, the Virgin Islands.

(6) A person who commits an offence under this section is liable—

(a) on summary conviction, to a fine not exceeding $40,000 or imprisonment for a term not exceeding 3 years, or both; or

(b) on conviction on indictment, to a fine not exceeding $100,000 or imprisonment for a term not exceeding 5 years, or both.

Defences

92. (1) A person does not commit an offence under section 91 in relation to a statement, promise or forecast if—

(a) the statement, promise or forecast was made in respect of a securities market; and

(b) he or she proves that he or she acted in compliance with the market rules applicable to the securities market concerned.

(2) A person does not commit an offence under section 91 in relation to an act or a course of conduct if he or she undertook the act, or engaged in the course of conduct, in respect of a securities market and he or she proves that—

(a) he or she reasonably believed that the act or conduct would not create an impression that was false or misleading as to the matters contained in section 91(4); or

(b) he or she acted in compliance with the market rules applicable to the securities market concerned.

General exclusion

Monetary policy exclusion

93. Sections 88 and 91 do not apply to anything done by a person acting on behalf of a public sector body in pursuit of—

(a) monetary policies;

(b) policies with respect to exchange rates; or

(c) policies with respect to the management of public debt or foreign exchange reserves.

Regulations

Market Abuse Regulations

94. (1) The Cabinet may, on the advice of the Commission, make Market Abuse Regulations generally for giving effect to this Part and for the administration of this Act by the Commission as it relates to market abuse.

(2) The Market Abuse Regulations may—

(a) be made for the purposes of this Act or for specified provisions of this Act;

(b) make different provision in relation to different persons, circumstances or cases; and

(c) subject to subsection (3), provide for offences and penalties for any contravention of or failure to comply with specified requirements of the Regulations.

(3) A penalty provided for an offence under the Market Abuse Regulations may not exceed—

(a) in the case of a fine, the sum of $30,000; and

(b) in the case of a period of imprisonment, the term of 5 years.

PART VI

MISCELLANEOUS PROVISIONS

Restrictions on use of certain names and terms

95. (1) Subject to subsection (2), no person shall, except with the prior written approval of the Commission or unless authorised by or under another enactment—

(a) use, whether in the name under which he or she is registered or in the description or title under which he or she carries on business in or from the Virgin Islands—

(i) the words or terms "fund" or "mutual fund" or any combination or derivative thereof or any word or phrase specified in the Mutual Funds Regulations or Private Investment Fund Regulations as a word or phrase that suggests a person is operating as a mutual fund or a private investment fund; or *(Substituted by Act 12 of 2019)*

(ii) any word or phrase prescribed in the Investment Business Regulations as a word or phrase that suggests investment business; or

(b) make any representation, whether in a document or in any other manner, that is likely to suggest that he or she—

(i) is carrying on, or that he or she is licensed or otherwise entitled to carry on, investment business;

(ii) is operating as, or that he or she is registered as a public fund, recognised as a private or professional fund or otherwise entitled to operate as a mutual fund; or
(Amended by Act 13 of 2012)

(iii) is operating, or recognised, as a private investment fund or otherwise entitled to operate as a private investment fund. *(Inserted by Act 12 of 2019)*

(2) Subsection (1) does not apply to a person holding an investment business licence, or to a public fund, a private or professional fund, or a private investment fund, provided that the name under which it is registered or the name which it uses does not suggest that—

(a) in the case of a person holding an investment business licence, he or she carries on any business required to be licensed under this Act other than the business that he or she is authorised by its licence to carry on; or

(b) in the case of a mutual fund or a private investment fund, that the fund is of a different type than that for which it is registered or recognised.
(Substituted by Act 12 of 2019)

Incorporation and change of name of companies

96. The Registrar of Corporate Affairs shall not register a company under, or register a change of name of a BVI business company to, a name that includes—

(a) the word or term "fund" or "mutual fund" or any combination or derivative thereof; or

(b) any other word or phrase specified or prescribed pursuant to section 95(1)*(a)*,

unless the Registrar is satisfied that the company is authorised under this Act or another enactment to use the name or that the Commission has approved the use of the name by the company.

Exemption from certain enactments

97. (1) A foreign company which carries on business in the Virgin Islands within the meaning of section 185 of the BVI Business Companies Act is exempt from Part XI of that Act if the business it carries on in the Virgin Islands is limited to operating in the Virgin Islands as a public fund, a private fund or a professional fund.

(2) A licensee is exempt from the need to obtain a licence under the Business, Professions and Trade Licences Act to carry on any class of investment business in respect of which he or she is licensed.

(3) Subject to subsection (5), a licensee is exempt from the need to obtain a licence under the Financing and Money Services Act to carry on the business of providing currency exchange services if, not less than 14 days prior to commencing that business, or such shorter period as the Commission may allow, it has submitted a written notice to the Commission—

(a) advising the Commission of its intention to carry on the business of providing currency exchange services; and

(b) specifying the nature and extent of that business.

(4) If there is any significant change in the nature and extent of the currency exchange services business of a licensee that has the benefit of an exemption under subsection (3), the licensee shall provide written notification of the change to the Commission.

(5) The Commission may, whether on receipt of a notice under subsection (3) or (4), or at any time subsequent thereto, disapply subsection (3) to a licensee where it is of the opinion that the nature and extent of the currency exchange services business carried on by the licensee is such that it should be licensed under the Financing and Money Services Act.

Power to make Regulations generally

97A. The Cabinet may, on the advice of the Commission, make Regulations in respect of any matter, for which specific regulation-making powers are not provided under this Act, in order to achieve the objectives of this Act. *(Inserted by Act 13 of 2012)*

Administration

Applications

98. (1) Every application made under this Act shall—

(a) be in writing and, where a form has been approved under the Financial Services Commission Act shall be in the approved form; and

(b) have included with it such documents or information as may be specified by this Act and the Mutual Fund Regulations or the Private Investment Funds Regulations or the Regulatory Code, as the case may be. *(Amended by Act 12 of 2019)*

(2) The Commission may require an applicant to—

(a) provide it with such documents and information, in addition to those specified in subsection (1)*(b)*, as it reasonably requires to determine the application and any such information shall be in such form as the Commission may require; and

(b) verify any document and information provided in support of an application in such manner as the Commission may specify.

(3) If, before the determination by the Commission of an application—

(a) there is a material change in any information or documentation provided by or on behalf of the applicant to the Commission in connection with the application; or

(b) the applicant discovers that any such information or documentation is incomplete, inaccurate or misleading,

the applicant shall forthwith give the Commission written particulars of the change or of the incomplete, inaccurate or misleading information or documentation.

Registers

99. (1) The Commission shall maintain—

(a) a Register of Investment Business Licensees;

(b) a Register of Public Funds;

(c) a Register of Private Funds;

(d) a Register of Professional Funds;

(e) a Register of Certified Authorised Representatives; and

(f) such other register as the Commission deems fit.
(Amended by Act 7 of 2015)

(2) The registers and the information contained in any document submitted to the Commission may be kept in any form the Commission considers fit including, either wholly or partly, by means of a device or facility that—

(a) records or stores information in magnetic or electronic form; and

(b) permits the information to be inspected and reproduced in legible and useable form.

Inspection of registers and information held by Commission

100. (1) Subject to subsection (2), a person may, during normal business hours—

(a) inspect the registers and any records kept by the Commission that are specified as public records in the Investment Business Regulations or the Mutual Fund Regulations or the Private Investment Funds Regulations; and *(Amended by Act 12 of 2019)*

(b) require the Commission to provide him or her with a copy or certified copy of, or extract from, any document that he or she

would be entitled to inspect under paragraph *(a)* upon the payment of such fee as the Commission determines.

(2) In respect of documents submitted or kept in electronic form, the rights granted under subsection (1) extend only to reproductions of those documents in useable written form produced in such manner as the Commission considers appropriate.

(3) A copy or reproduction of, or extract from, any document or record that is kept by the Commission and certified as such by it is admissible in evidence in all legal proceedings to the same extent as the original document.

Electronic filing of documents

101. (1) In this section, a document in electronic form is a document in a computer processable message format that is capable of being transmitted electronically.

(2) The Investment Business Regulations, the Mutual Funds Regulations and the Private Investment Funds Regulations may provide for a system enabling documents required or permitted to be submitted to the Commission under this Act to be submitted in electronic form. *(Substituted by Act 12 of 2019)*

(3) A system for the filing of documents in electronic form shall provide for—

(a) the criteria for authorising persons to submit documents in electronic form; and

(b) the security and authentication of the documents submitted.

Fees, penalties and charges payable to Commission

102. (1) Regulations made under section 62 of the Financial Services Commission Act may provide for the fees chargeable and payable under this Act.

(2) The Commission may refuse to take any action required of it with respect to a licensee under this Act for which a fee is payable until the fee and any other fees, penalties and charges payable by, or in respect of, the licensee have been paid.

(3) Any fee, charge or contribution which is owed to the Commission under this Act may be recovered as a debt due to the Commission.

Regulatory Code

103. Without limiting the powers of the Commission under the Financial Services Commission Act, the Regulatory Code may, in addition to matters specifically provided for in this Act, specify or provide for—

(a) the financial resources to be maintained by licensees;

(b) the policies, procedures, systems and controls, including internal controls, to be established and maintained by licensees, including with respect to the assessment and management of risk;

(c) principles and rules of corporate governance to be adhered to by licensees;

(d) record keeping;

(e) internal reporting;

(f) staff training;

(g) the solicitation of business and in particular unsolicited calls;

(h) the preparation by a licensee of a business plan and the information to be included in, and the form of, the business plan.

Securities and Investment Business Advisory Committee

104. (1) The Commission, with the approval of its Board, may—

(a) establish a Committee to be known as the "Securities, Investment Business and Mutual Funds Advisory Committee"; and

(b) appoint as members of the Committee persons having such knowledge and experience as the Commission considers appropriate.

(2) The functions of the Securities, Investment Business and Mutual Funds Advisory Committee shall be—

(a) to keep this Act, and such other enactments relevant to securities, investment business and mutual funds as may be specified by the Commission, under review;

(b) to make such recommendations as it considers appropriate to the Commission for changes to this Act and to any other enactments specified by the Commission under paragraph *(a)*; and

(c) to make such recommendations as it considers appropriate to the Commission for the development and reform of the law relating to securities, investment business and mutual funds.

(3) The Chairman of the Committee shall be appointed by the Commission.

(4) The Committee—

(a) may appoint such subcommittees as it considers appropriate; and

(b) shall determine its own rules of procedure.

Offence Provisions

False or misleading representations, statements, reports or returns

105. (1) No person shall make or assist in making a representation, statement, report or return, whether oral or written—

(a) that is required or permitted by this Act to be made to or, in the case of a document, submitted to the Commission; and

(b) that—

(i) contains a false statement of a material fact; or

(ii) omits to state a material fact required to be provided to the Commission or necessary to avoid the statement or document being materially misleading.

(2) A person does not contravene subsection (1) if he or she did not know and, with the exercise of reasonable diligence, could not have known that the representation or statement contained a false statement or omitted a material fact.

Schedule of offences

106. (1) A person who contravenes a provision of this Act specified in Column 1 of Schedule 7 and described in Column 2 of that Schedule commits an offence and is liable on conviction up to the maximum of the penalty provided—

(a) in Column 4 of that Schedule, in the case of a company; or

(b) in Column 5 of that Schedule, in the case of an individual.

(2) Where an offence is committed by a company, a director and every senior officer of that company who knowingly authorised, permitted or acquiesced in the commission of the offence also commits an offence and is liable on conviction to the same penalty prescribed for the company.

(3) Schedule 7 does not apply to an offence committed under Part V.

Order to comply

107. Where a person is convicted of an offence under this Act or any regulations, the court having jurisdiction to try the offence may, in addition to any punishment it may impose, order that person to comply with the provision of this Act or of the regulations for the contravention of which he or she has been convicted.

Final Provisions

Amendment of Schedules

108. (1) The Cabinet may by Order, on the advice of the Commission, amend any Schedule to this Act in such manner as it considers necessary.

(2) An Order made under subsection (1) shall be published in the *Gazette*; and be subject to a negative resolution of the House of Assembly.

109. *(Omitted)*

110. *(Omitted)*

SCHEDULE 1

(Section 2)

INVESTMENTS

Shares, interests in a partnership or fund interests, etc.

1. Any of the following—

(a) shares in, and stock in the share capital of, a company;

(b) interests in a partnership;

(c) a fund interest in a mutual fund that does not fall within paragraph *(a)* or *(b)*.

Debentures, etc.

2. Debentures, debenture stock, loan stock, bonds, certificates of deposit and any other instruments creating or acknowledging indebtedness, other than—

(a) any instrument acknowledging or creating indebtedness for, or for money borrowed to defray, the consideration payable under a contract for the supply of goods or services;

(b) a cheque or other bill of exchange, a bankers draft or a letter of credit;

(c) a banknote or a statement showing a balance in a current, deposit or savings account;

(d) by reason of any financial obligation contained in it—

(i) a lease or other disposition of property;

(ii) a mortgage or any other charge; or

(iii) an insurance policy.

Instruments giving entitlement to shares, interests or debentures

3. (1) Subject to subparagraph (2), warrants or other instruments entitling the holder to subscribe for investments falling within paragraph 1 or 2.

(2) For the purposes of subparagraph (1)—

(a) it is immaterial whether the investments are for the time being in existence or identifiable; and

(b) an investment falling within subparagraph (1) shall not be regarded as falling within paragraph 5, 6 or 7.

Certificates representing investments

4. Certificates or other instruments which confer contractual or property rights—

(a) in respect of any investment falling within paragraph 1, 2 or 3, being an investment held by a person other than the person on whom the rights are conferred by the certificate or instrument; and

(b) the transfer of which may be effected without the consent of that person.

Options

5. Options to acquire or dispose of—

(a) an investment falling within any other paragraph of this Schedule;

(b) any currency;

(c) palladium, platinum, gold or silver; or

(d) an option to acquire or dispose of an investment falling within subparagraph *(a)*, *(b)* or *(c)* of this paragraph.

Futures

6. (1) Rights under a contract for the sale of a commodity or property of any other description under which delivery is to be made at a future date and at a price agreed upon when the contract is made, other than a contract made for commercial and not investment purposes.

(2) A contract shall be regarded as made for investment purposes if it is made or traded on an investment exchange, or made otherwise than on such an exchange but expressed to be as traded on such an exchange or on the same terms as those on which an equivalent contract would be made on such an exchange.

(3) A contract not falling within subparagraph (2) shall be regarded as made for commercial purposes if, under the terms of the contract, delivery is to be made within 7 days.

Contracts for differences

7. (1) Rights under—

(a) a contract for differences; or

(b) any other contract the purpose or intended purpose of which is to secure a profit or avoid a loss by reference to fluctuations in—

(i) the value or price of property of any description; or

(ii) an index or other factor designated for that purpose in the contract,

other than a contract where the parties intend that the profit is to be obtained or the loss avoided by taking delivery of any property to which the contract relates.

(2) This paragraph does not apply to rights under a contract under which money is received by way of deposit on terms that any interest or other return to be paid on the sum deposited will be calculated by reference to fluctuations in an index or other factor.

Life and Health insurance contracts

(Substituted by Act 16 of 2015)

8. (1) Rights under a contract the effecting and carrying out of which constitutes Class 1 or Class 2 life and health business within the meaning of the Insurance Act.

(Amended by Act 16 of 2015)

(2) This paragraph does not apply to rights under a reinsurance contract.

(3) Rights falling within this paragraph shall not be regarded as falling within paragraph 7.

Rights and interests in investments

9. Rights to and interests in any investment falling within any of the preceding paragraphs of this Schedule.

Specified investment

10. Anything specified as an investment in the Investment Business Regulations.

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SCHEDULE 2

(Sections 3 and 4)

INVESTMENT ACTIVITIES

PRELIMINARY

Interpretation for this Schedule

For the purposes of this Schedule, "member of the public", in relation to a person soliciting him or her (the first person), means any other person except—

(a) a company in the same group as the first person;

(b) a person who is a participant with the first person in a joint enterprise;

(c) a person holding—

(i) a licence issued under section 6 of this Act;

(ii) a licence issued under the Banks and Trust Companies Act;

(iii) a licence issued under the Company Management Act; or

(iv) an insurer's licence issued under the Insurance Act;

(d) a person licensed in a jurisdiction outside the Virgin Islands to carry on an activity equivalent to an activity for which a licence specified in paragraph *(c)* is required, provided that the person is regulated and supervised in the carrying on of that business.

For the purposes of an exclusion in this Schedule relating to the sale of goods and the supply of services, "related sale or supply" means a sale of goods or supply of services to the customer otherwise than by the supplier, but for or in connection with the sale of goods or the supply of services by the supplier to the customer.

PART A

INCLUDED ACTIVITIES

1. Dealing in Investments

(a) Buying, selling, subscribing for or underwriting investments as an agent.

(b) Buying, selling, subscribing for or underwriting investments as principal where the person—

(i) holds himself or herself out as willing, as principal, to enter into transactions of that kind at prices determined by him or her generally and continuously rather than in respect of each particular transaction;

(ii) holds himself or herself out as engaging in the business of underwriting investments of the kind to which the transaction relates;

(iii) holds himself or herself out as engaging, as a market maker or dealer, in the business of buying investments of the kind to which the transaction relates with a view to selling them; or

(iv) regularly solicits members of the public for the purpose of inducing them, whether as principals or agents, to buy, sell, subscribe for or underwrite investments and the transaction is, or is to be entered into, as a result of the person having solicited members of the public in that manner.

For the purposes of this paragraph, one investment is of the same kind as another investment if they both fall within the same paragraph of Schedule 1.

2. Arranging Deals in Investments

Making arrangements with a view to—

(a) another person (whether as a principal or an agent) buying, selling, subscribing for or underwriting a particular investment, being arrangements which bring about, or would bring about, the transaction in question; or

(b) a person who participates in the arrangements buying, selling, subscribing for or underwriting investments.

3. Managing Investments

(a) Managing investments belonging to another person in circumstances involving the exercise of discretion (other than as manager of a mutual fund).

(b) Acting as manager of a mutual fund.

4. Providing Investment Advice

(a) Advising a person on investments (other than as the investment adviser of a mutual fund) where the advice—

(i) is given to the person in his or her capacity as an investor, or a potential investor, or in his or her capacity as agent for an investor or potential investor; and

(ii) concerns the merits of the investor, or a potential investor, doing any of the following (whether as principal or agent) —

(A) buying, selling, subscribing for or underwriting a particular investment; or

(B) exercising any right conferred by an investment to acquire, sell, subscribe for, underwrite or convert an investment.

(b) Acting as the investment adviser of a mutual fund.

5. Providing Custodial Services with Respect to Investments

(a) Acting as custodian or depository of assets belonging to another person, other than as custodian of a mutual fund or trustee of unit trust, where—

(i) those assets include investments falling within paragraphs 1 to 6 of Schedule 1; or

(ii) the custodial (or depositary) arrangements are such that those assets may consist of or include investments specified in subparagraph *(a)*(i) and the arrangements have at any time been held out as being arrangements under which investments would be safeguarded.

(b) Acting as custodian of a mutual fund.

(c) Acting as the trustee of a unit trust.

6. Providing Administration Services with Respect to Investments

(a) Administering or arranging for the administration of assets belonging to another person (other than as administrator of a mutual fund) where—

(i) those assets include investments falling within paragraphs 1 to 6 of Schedule 1; or

(ii) the administration arrangements are such that those assets may consist of or include investments and the arrangements have at any time been held out as being arrangements under which investments would be administered.

(b) Acting as administrator, registrar or transfer agent of a mutual fund.

7. Operating an Investment Exchange

Providing a facility, whether by electronic means or otherwise, for the orderly trading of investments or for the listing of investments for the purposes of trading, by members of the investment exchange.

PART B

EXCLUDED ACTIVITIES

1. Dealing in Investments

Where they would otherwise constitute dealing in investments, the following activities or transactions are deemed not to constitute dealing in investments for the purposes of paragraph 1 of Part A in the circumstances and to the extent specified—

(1) **Investments evidencing indebtedness**

A person, whether as principal or agent, accepting, transferring or becoming a party to (otherwise than as a debtor or surety) an instrument creating or acknowledging indebtedness in respect of any loan, credit, guarantee or other similar financial accommodation or assurance which he or she, or his or her principal, has made, granted or provided.

(2) **Issuance, redemption or re-purchase of own investments**

(a) The issuing, redeeming or re-purchasing by a company of its own—

(i) shares;

(ii) debentures; or

(iii) instruments giving entitlement to shares in, or debentures issued by, the company.

For the purposes of this paragraph, "debenture" includes any other instrument falling within paragraph 2 of Schedule 1.

(b) The issuing, redeeming or re-purchasing by a unit trust of its own fund interests; or

(c) The issuing, redeeming or re-purchasing by a partnership of its own partnership interests.

(3) **Sale of goods and supply of services**

(a) Subparagraphs *(b)* and *(c)* apply in respect of a supplier of goods or services only if the supplier does not—

(i) hold himself or herself out generally as engaging in the business of buying investments with a view to selling them; or

(ii) regularly solicit members of the public to buy, sell, subscribe for or underwrite investments.

(b) A transaction entered into by a supplier of goods or services with a customer where the supplier is acting as principal and the transaction is, or is to be, entered into by the supplier with the customer for the purposes of, or in connection with, the sale of goods or the supply of services by the supplier to the customer or a related sale or supply.

(c) A transaction entered into by a supplier of goods or services with a customer where the supplier is acting as agent for the customer, and—

(i) the transaction is, or is to be, entered into by the supplier with the customer for the purposes of, or in connection with, the sale of goods or the supply of services by the supplier to the customer or a related sale or supply; and

(ii) the investment falls within paragraph 1*(a)*, 2 or 3 of Schedule 1 or, as far as is relevant to those paragraphs, paragraph 9 of Schedule 1.

(4) **Risk Management**

(a) A transaction where—

(i) the transaction relates to one or more investments falling within paragraphs 5, 6(1) or 7(1) of Schedule 1 or, as far as is relevant to those paragraphs, paragraph 9 of Schedule 1;

(ii) none of the parties to the transaction are individuals;

(iii) the sole or main purpose for which the person concerned enters into the transaction (either by itself or in combination with other such transactions) is to limit the extent to which a business specified as a "relevant business" in subparagraph *(b)* will be affected by an identifiable risk arising otherwise than as a result of the carrying on of any of the activities in Part A which are not excluded by this Part.

(b) A business is specified as a "relevant business" for the purposes of subparagraph *(a)* if it is a business other than investment business carried on by—

(i) the person entering the transaction;

(ii) a company that is in the same group as the person entering the transaction; or

(iii) a person who is, or is proposing, to participate in a joint enterprise with the person entering the transaction.

(5) **Dealing as agent in the course of a profession or non-investment business**

Dealing in investments as an agent if—

(a) the dealing is undertaken in the course of carrying on any business or profession which does not otherwise constitute investment business;

(b) the dealing may reasonably be regarded as a necessary part of other services provided in the course of that business or profession; and

(c) the person dealing as agent—

(i) does not receive or is not separately remunerated or rewarded in respect of his or her dealing as agent; and

(ii) does not hold himself or herself out generally as providing the service of dealing as agent.

(6) **Employee share schemes**

(a) Dealing by a company ("the first company"), with a company in the same group as the first company or a relevant trustee in shares in, or debentures of, the first company, for the benefit of, or holding the shares or debentures for the benefit of—

(i) the employees or former employees of the first company or a company in the same group as the first company; or

(ii) the spouses, widows, widowers or children, or step-children, under the age of 18 years of the persons referred to in subparagraph (i).

(b) For the purposes of subparagraph *(a)*—

(i) a "relevant trustee" is a person holding shares in, or debentures of, the first company as trustee for the purposes of the scheme specified in subparagraph *(a)*; and

(ii) "share" and "debenture" includes any other instrument falling within paragraph 1 or 2 of Schedule 1, as the case may be, or, where relating to the share or debenture concerned, paragraph 3, 4 or 9.

(7) **Dealing as bare trustee**

Dealing in investments, as principal, which are, or are to be held, by a person as bare trustee for another person on the other person's instructions where—

(a) the dealing takes place in the course of a business that does not otherwise constitute investment business;

(b) the person concerned does not receive any remuneration or reward, whether directly or indirectly, for the transaction that constitutes dealing in investments and, for the purposes of this subparagraph—

(i) remuneration includes commission; and

(ii) no account shall be taken of any remuneration that the person receives separately for acting as bare trustee; and

(c) the person does not otherwise provide, or hold himself or herself out as providing, a service of dealing in investments.

(8) **Dealing as agent with or through licensee**

A person, who is not a licensee, entering into a transaction as agent for another person ("the client") with or through a licensee if—

(a) the agent does not receive from any person, other than the client, any remuneration or other reward for which he or she does not account to the client, arising out of his or her entering into the transaction; and

(b) either—

(i) the transaction is entered into on advice given to the client by a licensee; or

(ii) it is clear, in all the circumstances, that the client is not seeking and has not sought advice from the agent as to the merits of the client's entering into the transaction.

2. Arranging Deals in Investments

The following activities are deemed not to constitute arranging deals in investments for the purposes of paragraph 2 of Part A in the circumstances and to the extent specified—

(1) **Arrangements not causing deal**

In relation to paragraph 2*(a)* of Part A, arrangements which do not, or would not, bring about the transaction to which the arrangements relate.

(2) **Investments evidencing indebtedness**

A person making arrangements in respect of a transaction specified in paragraph 1(1) of this Part.

(3) **Arranging own deals**

Making arrangements for a transaction where the person making the arrangements enters or is to enter the transaction as principal or as agent for some other person.

(4) **Arrangements for issuance, redemption or re-purchase of own investments**

Arrangements made by a company, unit trust or partnership in respect of a transaction specified in paragraph 1(2) of this Part.

(5) **Enabling parties to communicate**

Making arrangements to provide means by which one party to a transaction (or potential transaction) is able to communicate with other parties to the transaction or transactions.

(6) **Arranging deals in investments in course of profession or non-investment business**

Arranging deals in investments where—

(a) the arrangements are made in the course of carrying on any business or profession which does not otherwise constitute investment business;

(b) the arrangements may reasonably be regarded as a necessary part of other services provided in the course of that business or profession; and

(c) the person dealing as agent—

(i) does not receive or is not separately remunerated or rewarded in respect of making the arrangements; and

(ii) does not hold himself or herself out generally as providing the service of arranging deals in investments.

(7) **Arranging deals with or through licensees**

A person, who is not a licensee, making arrangements for or with a view to a transaction which is to be entered into by another person ("the client") with or through a licensee if—

(a) the person does not receive from any person any remuneration or other reward for which he or she does not account to the client, arising out of his making the arrangements; and

(b) either—

(i) the transaction is or is to be entered into on advice given to the client by a licensee; or

(ii) it is clear, in all the circumstances, that the client is not seeking and has not sought advice from the person as to the merits of the client's entering into the transaction.

(8) **Provision of finance**

Making arrangements, the sole purpose of which is the provision of finance to enable a person to buy, sell, subscribe for or underwrite investments.

(9) **Introducing**

In relation to paragraph 2*(a)* of Part A, arrangements to introduce a person ("the client") to another person, where—

(a) the person to whom the introduction is to be made is a licensee or a person listed in Part C as an excluded person; and

(b) the introduction is made with a view to the provision of independent advice or the independent exercise of discretion in relation to investments generally or in relation to any class of investments to which the arrangements relate.

(10) **Sale of goods and supply of services**

Arrangements made by a supplier of goods or services for, or with a view to, a transaction which is to be entered into by a customer for the purposes of, or in connection with, the sale of goods or the supply of services or a related sale or supply.

(11) **Employee share schemes**

Arrangements made by a company ("the first company"), a member of the same group as the first company or a relevant trustee, if the arrangements are for, or with a view, to a transaction of an employee share scheme of the kind referred to in paragraph 1(6) of this Part.

3. Managing Investments

The management of investments by a supplier of goods or services where the securities are, or are to be, managed for the purposes of, or in connection with, the sale of goods or the supply of services by the supplier to a customer or a related

sale or supply is deemed not to constitute managing investments for the purposes of paragraph 3 of Part A in the circumstances and to the extent specified.

4. Providing Investment Advice

The following activities are deemed not to constitute providing investment advice for the purposes of paragraph 4 of Part A in the circumstances and to the extent specified—

(1) **Newspapers, broadcasting and information services**

The giving of investment advice in—

(a) a newspaper, journal, magazine or other periodical publication;

(b) a television or sound broadcast; or

(c) any electronic information service,

if the principal purpose of the publication, broadcast or information service, taken as a whole and including any advertisements contained in it, is not to induce persons to buy, sell, subscribe for or underwrite a particular investment.

(2) **Providing investment advice in the course of a non-investment business**

The giving of investment advice in the course of a business that does not constitute investment business where the person does not receive any remuneration for the advice and the advice is not, or does not include—

(a) a recommendation to a person to buy, sell, subscribe for or underwrite a particular investment or to exercise or refrain from exercising rights conferred by a particular investment;

(b) advice on the suitability of a particular investment for the person to whom, or in relation to whom, the advice is given; or

(c) advice on the characteristics or performance of a particular investment.

(3) **Providing investment advice in the course of a profession**

The giving of legal or accounting advice with respect to an investment by a person in the course of carrying on business as a legal practitioner or an accountant.

(4) **Trustee providing investment advice**

The giving of investment advice by a person as trustee to—

(a) a co-trustee for the purposes of the trust; or

(b) a beneficiary under the trust concerning the beneficiary's interest under the trust,

if the person does not otherwise carry on, or hold itself out as carrying on, the business of providing investment advice or managing investments.

(5) **Director providing investment advice**

The giving of investment advice by a director of a company to another director of the company for the purposes of the company, provided that the director does not otherwise carry on, or hold itself out as carrying on, the business of providing investment advice or managing investments.

(6) **Sale of goods and services**

The giving of advice by a supplier to a customer for the purposes of or in connection with the sale of goods or supply of services, or a related sale or supply, or to a person with whom the customer proposes to enter into a transaction for the purposes of or in connection with such a sale or supply or related sale or supply.

5. Providing Custodial Services with Respect to Investments

No excluded activities.

6. Providing Administration Services with Respect to Investments

No excluded activities.

7. Operating an Investment Exchange

No excluded activities.

PART C

EXCLUDED PERSONS

1. A person (the first person) does not carry on investment business solely by—

(a) soliciting—

(i) a person who is not a member of the public for the purpose of offering to provide that person with a service that constitutes investment business; or

(ii) a licensee for the purpose of offering to provide a client of the licensee with a service that constitutes investment business;

(b) making an offer to a person who is not a member of the public to provide that person with a service that constitutes investment business;

(c) making an offer to a person (the second person) to provide a service that constitutes investment business where—

(i) the offer is made to the second person through a licensee holding a category 4 licence of which the second person is a client;

(ii) the first person does not have a place of business in the Virgin Islands; and

(iii) the service is to be performed outside the Virgin Islands;

(d) providing information or documentation to the professional services provider of a BVI business company concerning an offer to provide, or the provision of, a service that constitutes investment business where—

(i) the first person does not have a place of business in the Virgin Islands; and

(ii) the service is to be performed outside the Virgin Islands.

2. For the purposes of section 4(3), the persons specified in paragraphs 3 to 8 of this Part are excluded persons in the circumstances and to the extent specified provided that, in each case, the person concerned—

(a) does not otherwise carry on, or hold himself or herself out as carrying on, investment business; and

(b) does not receive any remuneration, whether directly or indirectly, for the activity that constitutes investment business, and for the purposes of this subparagraph—

(i) remuneration includes commission; but

(ii) no account shall be taken of any remuneration that the person receives separately for acting in the capacity specified in the relevant paragraph.

3. A company is an excluded person where it undertakes an activity that constitutes investment business exclusively with, or for, a company within the same group.

4. A person who is a participant in a joint enterprise is an excluded person where he or she undertakes an activity that constitutes investment business—

(a) with, or for, another participant in the same joint enterprise; and

(b) for the purposes of, or in connection with, the joint enterprise.

5. A person who is a partner in a partnership is an excluded person where he or she undertakes an activity that constitutes investment business—

(a) with or for another partner in the same partnership; and

(b) for the purposes of, or in connection with, the partnership.

6. A director of a company is an excluded person where he or she undertakes an activity that constitutes investment activity—

(a) with, or for—

(i) the company of which he or she is a director; or

(ii) a company in the same group as the company of which he or she is director; and

(b) for the purposes of, or in connection with, the company concerned.

7. A trustee of a trust is an excluded person where he or she undertakes an activity that constitutes investment business for the purposes of, or in connection with, the trust.

This paragraph does not apply to a person when—

(a) acting as the trustee of a unit trust; or

(b) providing custodial services with respect to investments within the meaning of Part A, paragraph 5.

8. A person is an excluded person where he or she undertakes an activity that constitutes investment business in his capacity as—

(a) an executor or administrator of an estate;

(b) a receiver of an estate or of the assets of a company;

(c) the administrator or liquidator of a company; or

(d) a trustee in bankruptcy.

9. A public fund, a private or professional fund or a recognised foreign fund is an excluded person where the fund undertakes an activity that constitutes carrying on business as a mutual fund in or from within the Virgin Islands.

SCHEDULE 3

(Section 5)

CATEGORIES AND SUB-CATEGORIES OF INVESTMENT BUSINESS LICENCE

Category 1

Dealing in Investments

Sub-category A: Dealing as Agent

Sub-category B: Dealing as Principal

Category 2

Arranging Deals in Investments

Category 3

Investment Management

Sub-category A: Managing Segregated Portfolios (Excluding Mutual Funds)

Sub-category B: Managing Mutual Funds

Sub-category C: Managing Pension Schemes

Sub-category D: Managing Insurance Products

Sub-category E: Managing Other Types of Investment

Category 4

Investment Advice

Sub-category A: Investment Advice (Excluding Mutual Funds)

Sub-category B: Investment Advice (Mutual Funds)

Category 5

Custody of Investments

Sub-category A: Custody of Investments (Excluding Mutual Funds)

Sub-category B: Custody of Investments (Mutual Funds)

Category 6

Administration of Investments

Sub-category A: Administration of Investments (Excluding Mutual Funds)

Sub-category B: Administration of Investments (Mutual Funds)

Category 7

Operating an Investment Exchange

SCHEDULE 4

(Section 24(1))

QUALIFIED INVESTORS

The following are qualified investors for the purposes of section 24(1)—

1. A person who holds—
   (a) an investment business licence issued under section 6 of this Act;
   (b) a licence issued under the Banks and Trust Companies Act; or
   (c) an insurer's licence issued under section 8 of the Insurance Act.
2. A company, any securities of which are listed on a recognised exchange.
3. A public fund, a private fund or a professional fund.
4. A professional investor within the meaning of section 40(1) of this Act.

SCHEDULE 5

(Section 82)

SECURITIES FOR PURPOSES OF PART V

For the purposes of Part V, "securities" means any of the following—

Shares

1. Shares and stock in the share capital of a company ("shares").

Debt securities

2. Any instrument creating or acknowledging indebtedness which is issued by a company or public sector body including, in particular, debentures, debenture stock, loan stock, bonds and certificates of deposit ("debt securities").

Warrants

3. Any right, (whether conferred by warrant or otherwise) to subscribe for shares or debt securities.

Depositary receipts

4. (1) The rights under any depositary receipt.

(2) For the purpose of subparagraph (1) a "depositary receipt" means a certificate or other record (whether or not in the form of a document)—

(a) which is issued by or on behalf of a person who holds any relevant securities of a particular issuer; and

(b) which acknowledges that another person is entitled to rights in relation to the relevant securities or relevant securities of the same kind.

(3) In subparagraph (2) "relevant securities" means shares, debt securities and warrants.

Options

5. Any option to acquire or dispose of any security falling within any other paragraph of this Schedule.

Futures

6. (1) Rights under a contract for the acquisition or disposal of relevant securities under which delivery is to be made at a future date and at a price agreed when the contract is made.

(2) In subparagraph (1)—

(a) the references to a future date and to a price agreed when the contract is made include references to a date and a price determined in accordance with terms of the contract; and

(b) "relevant securities" means any security within the meaning of any other paragraph of this Schedule.

Contracts for differences

7. (1) Rights under a contract which does not provide for the delivery of securities but whose purpose or intended purpose is to secure a profit or avoid a loss by reference to fluctuations in—

(a) a share index or other similar factor connected with relevant securities;

(b) the price of particular relevant securities; or

(c) the interest rate offered on money placed on deposit.

(2) In subparagraph (1) "relevant securities" means any security falling within any paragraph of this Schedule.

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SCHEDULE 6

(Section 37)

DISAPPLICATION AND MODIFICATION OF BVI BUSINESS COMPANIES ACT WITH RESPECT TO PUBLIC ISSUERS

The BVI Business Companies Act is modified with respect to public issuers that are BVI business companies (referred to in this Schedule as BVI public issuers) as follows—

Section 9

1. Section 9 is modified with respect to a BVI public issuer as follows—

(a) The memorandum of a BVI public issuer shall state that the company is limited by shares and section 9(1)*(b)*(ii), (iii), (iv) and (v) are disapplied with respect to BVI public issuers;

(b) The memorandum of a BVI public issuer shall state that the company is not authorised to issue bearer shares;

(c) In addition to the other matters required by section 9 to be stated in the memorandum of a company, the memorandum of a BVI public issuer shall state that the company is a public issuer within the meaning of this Act.

Section 12

2. Section 12(4) and (5) (amendment of memorandum and articles by resolution of directors) do not apply to a BVI public issuer.

Section 28

3. *(a)* Subsection (2)*(d)* applies to a BVI public issuer as if the words "and, at the discretion of the directors, for any person having a direct or indirect interest in the company" were omitted.

(b) Subsections (3) and (4) do not apply to a BVI public issuer.

Part III

4. *(a)* Cabinet may make regulations providing for title to shares to be evidenced and transferred by means of a computer system, without a written instrument.

(b) Without limiting subparagraph *(a)*, regulations made by Cabinet under this paragraph may provide for—

(i) the approval or recognition and control of persons who operate such computer systems;

(ii) the duties of public issuers with respect to the keeping of registers, the registration of transfers and other matters; and

(iii) the circumstances in which transfers of shares transactions made in accordance with the regulations are considered to be effective.

(c) The regulations made under this paragraph—

(i) may provide for such amendments to the BVI Business Companies Act as Cabinet considers necessary to give effect to the purpose of the Regulations as specified in paragraph *(a)*;

(ii) shall be published in the *Gazette*; and

(iii) shall be subject to a negative resolution of the House of Assembly.

Section 46

5. Subsections (2) to (4) apply to a BVI public issuer and subsections (1) and (5) do not apply to a BVI public issuer.

Section 47

6. Every share in a public issuer shall be issued for money, except to the extent that the Public Issuers Code provides otherwise.

Section 59

7. *(a)* Where a BVI public issuer purchases, redeems or otherwise acquires its own shares, it must do so in accordance with sections 60, 61 and 62.

(b) Subsections (2) and (3) do not apply to a BVI public issuer.

Section 81

8. Subsection (1)*(b)* does not apply to BVI public issuer.

Section 82

9. Subsection (4) does not apply to BVI public issuer.

Section 83

10. Subsection (1) as effect has to BVI public issuer as if "twenty-one days" was substituted for "seven days".

Section 85

11. Subsections (1) and (2) do not apply to a BVI public issuer.

Section 88

12. Section 88 does not apply to a BVI public issuer.

Section 113

13. Subsection (2) applies to a BVI public issuer as if—

(a) paragraphs *(a)* and *(b)* were deleted; and

(b) the words "may be appointed" were deleted and the words "shall be appointed by the members" were substituted.

Section 114

14. *(a)* Subsection (1) applies to a BVI public issuer as if the words "Subject to the memorandum or articles of a company" were deleted.

(b) Subsection (2) applies to a BVI public issuer as if paragraph *(b)* was deleted.

(c) Subsections (4) and (5) do not apply to a BVI public issuer.

Section 119

15. The Public Issuers Code may disapply section 119 to a BVI public issuer and make alternative provision for the fixing of the emoluments of directors.

Part VII

16. Part VII has no application with respect to a BVI public issuer.

Section 184

17. A BVI public issuer shall not continue as a company incorporated under the laws of a jurisdiction outside the Virgin Islands unless the Commission has given its prior written consent to the company so continuing.

Part XII

18. *(a)* Section 199(1)*(a)* and section 199(2) do not apply to a BVI public issuer.

(b) For the purposes of section 199(3)*(b)*, "eligible individual" with respect to the voluntary liquidator of a BVI public issuer means an individual holding a licence to act as an insolvency practitioner issued under section 476 of the Insolvency Act.

(c) Section 213(1) applies to a BVI public issuer as if after the words "the Registrar may" were inserted the words. "with the prior written approval of the Commission,".

(d) Section 219(1) applies to a BVI public issuer as if the words "the Registrar" were deleted and the words "the Commission" were substituted.

Section 231

19. *(a)* Section 231 does not apply to a BVI public issuer.

(b) The Public Issuers Code may require a BVI public issuer to file details of its members and directors with the Registrar of Corporate Affairs.

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SCHEDULE 7

(Section 106)

OFFENCES UNDER THIS ACT

COLUMN 1 ***Section contravened***	COLUMN 2 ***Description of offence***	COLUMN 3 ***Method of trial***	COLUMN 4 ***Penalty (company)***	COLUMN 5 ***Penalty (individual)***
4(1)	Person carries on, or holds himself or herself out as carrying on, investment business of any kind in or from within the Virgin Islands without holding a licence authorising him or her to carry on that kind of investment business	Summary Indictment	$40,000 $75,000	$20,000 $40,000
7(2)	Licensee fails to forthwith notify the Commission in writing that it has formed the opinion that it does not comply with section 7(1) (requirement to maintain its business in a financially sound condition)	Summary	$25,000	$15,000
8(4)	Licensee fails to forthwith notify the Commission in writing that its capital resources have fallen below the amount that it is required to maintain under section 8(1).	Summary	$25,000	$15,000

COLUMN 1 *Section contravened*	COLUMN 2 *Description of offence*	COLUMN 3 *Method of trial*	COLUMN 4 *Penalty (company)*	COLUMN 5 *Penalty (individual)*
10(1)	Licensee appoints a director or senior officer without the prior written approval of the Commission	Summary	$10,000	$5,000
13	Licensee fails to maintain such professional indemnity and other insurance as is prescribed	Summary	$30,000	$20,000
15	Licensee fails to comply with direction of Commission to change the name under which it carries on business	Summary	$25,000	$15,000
16	Licensee issues a bearer share	Summary	$25,000	$20,000
18(1)	Licensee fails to ensure that—	Summary	$50,000	$25,000
	(a) client assets are identified, or identifiable, and appropriately segregated and accounted for; or	Indictment	$75,000	$40,000
	(b) he or she makes arrangements for their proper protection			

COLUMN 1 ***Section contravened***	**COLUMN 2** ***Description of offence***	**COLUMN 3** ***Method of trial***	**COLUMN 4** ***Penalty (company)***	**COLUMN 5** ***Penalty (individual)***
19(1)	Licensee, in relation to an activity that constitutes investment business, whether or not carried on by him or her and whether or not the activity is one that he or she is authorised to carry on, or in relation to any investment, contravenes paragraph *(a)*, *(b)* or *(c)*	Summary	$40,000	$25,000
19(2)	Licensee issues or causes or permits to be issued an advertisement, brochure or other similar document or makes a statement, promise or forecast contrary to a direction or approval of the Commission	Summary	$40,000	$25,000
20(2)	Licensee issues, or causes or permits to be issued, whether in the Virgin Islands or elsewhere, an advertisement, brochure or similar document or makes a statement, promise or forecast the issue of which is prohibited by the Regulatory Code	Summary	$40,000	$25,000

COLUMN 1 *Section contravened*	COLUMN 2 *Description of offence*	COLUMN 3 *Method of trial*	COLUMN 4 *Penalty (company)*	COLUMN 5 *Penalty (individual)*
25(1)	Subject to section 25(3), issuer offers security to the public in the Virgin Islands for purchase or subscription where— *(a)* the offer is not contained in a registered prospectus; or *(b)* the offer does not comply with such requirements as may be specified in the Public Issuers Code	Summary Indictment	$25,000 $40,000	$15,000 $25,000
25(1)	Subject to section 25(3), person offers security to the public in the Virgin Islands for purchase or subscription on behalf of an issuer where— *(a)* the offer is not contained in a registered prospectus; or *(b)* the offer does not comply with such requirements as may be specified in the Public Issuers Code	Summary Indictment	$25,000 $40,000	$15,000 $25,000

COLUMN 1 *Section contravened*	COLUMN 2 *Description of offence*	COLUMN 3 *Method of trial*	COLUMN 4 *Penalty (company)*	COLUMN 5 *Penalty (individual)*
29(1)	Issuer or person who applied for the registration of the prospectus on the issuer's behalf becomes aware during relevant period that the registered prospectus contains a material inaccuracy or omits a material fact and fails to apply to Commission to register supplementary prospectus	Summary	$25,000	$20,000
30(1)	Issuer, or person acting on issuer's behalf distributes registered prospectus when issuer or other person knows, or ought reasonably to know, that the prospectus contains a material error, is materially misleading or omits a material fact or particular	Summary Indictment	$25,000 $40,000	$15,000 $25,000
30(1)	Issuer, or person acting on issuer's behalf, distributes registered prospectus that does not incorporate all the amendments in a registered supplementary prospectus	Summary	$25,000	$15,000

COLUMN 1 *Section contravened*	COLUMN 2 *Description of offence*	COLUMN 3 *Method of trial*	COLUMN 4 *Penalty (company)*	COLUMN 5 *Penalty (individual)*
31	Issuer or other person causing or permitting prospectus to be distributed in circumstances where section 25 does not apply and where the prospectus does not comply with section 27(1) (save as otherwise provided by the Public Issuers Code)	Summary	$25,000	$15,000
41(1)*(a)*	A company or other body, not being a public, private, professional or recognised foreign fund, carries on, or holds itself out as carrying on, business as a mutual fund in or from within the Virgin Islands	Summary Indictment	$40,000 $75,000	$25,000 $40,000
41(1)*(b)*	The partners of a partnership that is a mutual fund carry on, or hold themselves out as carrying on, the business of the fund, the partnership not being a public, private, professional or recognised foreign fund, in or from within the Virgin Islands	Summary Indictment	$40,000 $75,000	$40,000 $75,000

COLUMN 1 ***Section contravened***	**COLUMN 2** ***Description of offence***	**COLUMN 3** ***Method of trial***	**COLUMN 4** ***Penalty (company)***	**COLUMN 5** ***Penalty (individual)***
41(1)*(c)*	The trustee of a unit trust carries on, or holds itself out as carrying on, the business of the unit trust, the unit trust not being a public, private, professional or recognised foreign fund, in or from within the Virgin Islands	Summary Indictment	$40,000 $75,000	$40,000 $75,000
41(1)*(d)*	A mutual fund not falling under section 41(1)*(a)*, *(b)* or *(c)* carries on, or holds itself out as carrying on, the business of a mutual fund, the mutual fund not being a public, private, professional or recognised foreign fund, in or from within the Virgin Islands	Summary Indictment	$40,000 $75,000	$40,000 $75,000
41(2)	A person acts as the functionary of, or is otherwise concerned with the management or administration of, a mutual fund that carries on business in or from within the Virgin Islands where the mutual fund concerned is not a public, private, professional or recognised foreign fund	Summary Indictment	$40,000 $75,000	$40,000 $75,000
42(1)	Person promotes a mutual fund in contravention of section 42(1)	Summary Indictment	$40,000 $50,000	$25,000 $30,000

COLUMN 1 ***Section contravened***	**COLUMN 2** ***Description of offence***	**COLUMN 3** ***Method of trial***	**COLUMN 4** ***Penalty (company)***	**COLUMN 5** ***Penalty (individual)***
46(1)	A public fund, whether in or outside the Virgin Islands, makes an invitation to the public to subscribe for or purchase its fund interests, where— *(a)* the offer is not contained in a registered prospectus; or *(b)* the offer does not comply with such requirements as may be specified in the Mutual Fund Regulations	Summary Indictment	$25,000 $40,000	$15,000 $25,000
50(1)	A public fund fails to make its prospectus available to its investors or to provide a copy upon request	Summary	$25,000	$15,000
50(2)	A public fund fails to apply to the Commission, within 14 days of a disclosure required under section 48(1)*(b)* ceasing to be accurate in a material particular, to register an amended prospectus, or provide a copy of the amended prospectus to its investors	Summary Indictment	$25,000 $40,000	$15,000 $25,000

COLUMN 1 *Section contravened*	COLUMN 2 *Description of offence*	COLUMN 3 *Method of trial*	COLUMN 4 *Penalty (company)*	COLUMN 5 *Penalty (individual)*
51	Manager of a public fund becomes aware during relevant period that the prospectus contains a material error or omits a material fact or particular and fails to make application to Commission to register amended prospectus	Summary Indictment	$25,000 $40,000	$15,000 $25,000
59(1)	Public, private or professional fund fails to maintain records in compliance with section 59(1)	Summary	$20,000	$15,000
63B(1)(a)	A company or other body, not being recognised as a private investment fund, carrying on or holding itself out as carrying on business as a private investment fund, in or from within the Virgin Islands	Summary Indictment	$40,000 $75,000	$25,000 $40,000
63B(1)(b)	The partners of a partnership that is a private investment fund carrying on, or holding themselves out as carrying on the business of the fund, the partnership not being recognised as a private investment fund in the Virgin Islands	Summary Indictment	$40,000 $75,000	$40,000 $75,000
63B(1)(c)	The trustee of a unit trust carrying on, or holding itself out as carrying on business as a private investment fund, the unit trust not being recognised as a private investment	Summary Indictment	$40,000 $75,000	$40,000 $75,000

COLUMN 1 *Section contravened*	COLUMN 2 *Description of offence*	COLUMN 3 *Method of trial*	COLUMN 4 *Penalty (company)*	COLUMN 5 *Penalty (individual)*
	fund, in the Virgin Islands			
63B(1)(d)	A private investment fund not falling under section 63B(1)(a), (b) or (c) carrying on the business of a private investment fund without being recognised as a private investment fund, in the Virgin Islands	Summary Indictment	$40,000 $75,000	$40,000 $75,000
63B(3)	A person acting as an appointed person, or otherwise being concerned with the management or valuation of a private investment fund that carries on business in or from within the Virgin Islands,where the private investment fund is not recognised as a private investment fund	Summary Indictment	$40,000 $75,000	$40,000 $75,000
63C(1)	Person promoting a private investment fund in contravention of section 63C(1)	Summary Indictment	$40,000 $50,000	$25,000 $30,000
63H(1)	Private investment fund failing to maintain records in compliance with section 63G(1)	Summary	$20,000	$15,000
65(1)	Relevant licensee or a public, private, professional or recognised foreign fund fails to appoint or have an authorised agent certified by the Commission under section 64	Summary	$15,000	$10,000
65(5)	Person accepts appointment or acts as the authorised	Summary Indictment	$20,000 $40,000	$15,000 $25,000

COLUMN 1 *Section contravened*	COLUMN 2 *Description of offence*	COLUMN 3 *Method of trial*	COLUMN 4 *Penalty (company)*	COLUMN 5 *Penalty (individual)*
	representative of a licensee or a public, private or professional fund without a certification issued under section 64			
71(1)	Relevant licensee or public fund fails to submit to Commission financial statements complying with section 71(1) and accompanied by documents specified in paragraphs *(a)* to *(d)* within 6 months of the end of the financial year to which they relate	Summary	$20,000	$15,000
75(1)	Relevant licensee or public fund does not have an auditor who is eligible for appointment as specified in section 72(2)	Summary	$15,000	$10,000
77(1)	Auditor fails to make report to Commission in accordance with section 77(1)	Summary	$20,000	$15,000
77(2)	Auditor whose appointment has been terminated or who has resigned fails to comply with section 77(2)*(a)* or *(b)*	Summary	$20,000	$15,000
95(1)	Person uses word, term or phrase in name contrary to section 95(1)*(a)*	Summary	$20,000	$15,000
95(1)	Person makes representation contrary to section 95(1)*(b)*	Summary	$20,000	$15,000

COLUMN 1 ***Section contravened***	**COLUMN 2** ***Description of offence***	**COLUMN 3** ***Method of trial***	**COLUMN 4** ***Penalty (company)***	**COLUMN 5** ***Penalty (individual)***
97(4)	Licensee fails to provide notice to Commission of significant change in the nature and extent of its currency exchange services business	Summary	$20,000	$15,000
98(3)	Applicant failing to forthwith give the Commission written particulars of a change or of incomplete, inaccurate or misleading information or documentation provided to Commission	Summary	$20,000	$15,000
105(1)	Person making or assisting in making representation, statement, report or return to the Commission that contains a false statement of a material fact or omits to state a material fact	Summary	$25,000	$20,000

(Amended by Act 12 of 2019)

SCHEDULE 8

(Section 109)

TRANSITIONAL PROVISIONS

PRELIMINARY PROVISIONS

Interpretation

1. In this Schedule—

"existing private fund" means a mutual fund that, immediately before the commencement date, was recognised as a private fund under the former Act;

"existing professional fund" means a mutual fund that, immediately before the commencement date, was recognised as a professional fund under the former Act;

"existing public fund" means a mutual fund that, immediately before the commencement date, was registered as a public fund under the former Act;

"first transition date"; *(Repealed by S.I. 42/2010)*

"former Act" means the Mutual Funds Act, 1996;

"relevant period" *(Repealed by S.I. 42/2010)*

"second transition date" *(Repealed by S.I. 42/2010)*

"specified period" means the period beginning on the commencement date and ending on 30 December 2010; and *(Amended by S.I. 42/2010)*

"transition date" means 31 December 2010. *(Inserted by S.I. 42/2010)*

"transition period" means the period beginning on the date this Act ("Securities and Investment Business (Amendment) Act, 2019") is brought into force and ending on 1st July 2020; *(Inserted by Act 12 of 2019)*

PART I

INVESTMENT BUSINESS

Existing investment businesses

2. A person who, immediately before the commencement date, was carrying on investment business of any kind shall not be guilty of an offence under section 4 and shall be deemed not to be carrying on unauthorised financial services business within the meaning of the Financial Services Commission Act by virtue of his carrying on that business—

(a) during the specified period; or

(b) if the person applies for a licence during the specified period, on or from the commencement date until the date that the application is determined, including as a result of any appeal to the Appeal Board of the Commission, or is withdrawn.

PART II

PUBLIC ISSUE OF SECURITIES

Commencement of section 25

3. Section 25 shall not take effect until the transition date. *(Amended by S.I. 42/2010)*

Application of section 33

4. Section 33 does not have effect with respect to a prospectus distributed before the commencement date.

PART III

MUTUAL FUNDS

Transition new definition of "mutual fund"

5. (1) Section 41(1) and 42(1) shall not take effect until the transition date with respect to a company or other body, partnership or unit trust if both of the following conditions apply—

(a) the company or other body, partnership or unit trust is a mutual fund within the meaning of section 40; and

(b) the company or other body, partnership or unit trust is not a mutual fund within the meaning of section 2 of the former Act.

(Amended by S.I. 42/2010)

(2) Section 41(2) shall not take effect until the transition date with respect to a person who acts as the functionary of, or is otherwise concerned with the management or administration of, a company or other body, partnership or unit trust to which the conditions in subparagraph (1)*(a)* and *(b)* apply. *(Amended by S.I. 42/2010)*

Continuation of registration of public funds

6. Every existing public fund is deemed to be registered as a public fund under section 45 with effect from the commencement date.

Commencement of certain sections, existing public funds

7. Section 46 and section 50(3) shall not take effect until 30 June 2011 with respect to an existing public fund. *(Amended by S.I. 3/2011)*

Registration of amended prospectus

8. Where, during the specified period, an existing public fund applies under section 51 to register an amended prospectus, the commission may register the amended prospectus under section 49, notwithstanding that the prospectus does not fully comply with section 48(1)*(d)* and *(e)* and section 48(3). *(Amended by S.I. 3/2011)*

Investors' rights

9. (1) Sections 52 and 53 do not have effect in relation to a prospectus issued before the commencement date.

(2) Sections 16 and 17 of the former Act have effect in relation to a prospectus issued before the commencement date, notwithstanding the repeal of the former act.

Continuation of recognition of private and professional funds

10. With effect from the commencement date—

(a) every existing private fund is deemed to be recognised as a private fund; and

(b) every existing professional fund is deemed to be recognised as a professional fund, under section 55.

Issue of fund interests, professional fund

11. Notwithstanding section 56(1)*(b)*(ii), unless prohibited by its constituting documents, an existing professional fund may, during the specified period, issue fund interests to a professional investor for an initial investment of less than the sum prescribed in the Mutual Fund Regulations if the initial investment in respect of the majority of the fund's investors is not less than $100,000 or its equivalent in a currency other than United States dollars. *(Amended by S.I. 42/2010)*

Saving for initial investors, existing professional funds

12. (1) For the avoidance of doubt—

(a) where the constitutional documents of an existing professional fund are amended to comply with section 55(2)*(c)*, the amendment—

(i) is not required to have retrospective effect; and

(ii) may provide that the initial investment of each investor in the fund, other than exempted investors, that is made on or after a specified date, no later than the transition date, shall be not less than such sum as may be prescribed in the Mutual Fund Regulations; *(Amended by S.I. 42/2010)*

(b) nothing in this Act or the Mutual Fund Regulations shall be taken as—

(i) requiring a professional investor of an existing professional fund who has lawfully made an initial investment of less than the sum prescribed in the Mutual Funds Regulations to increase his investment; or

(ii) making any such initial investment unlawful.

(2) where a professional fund amends its constitutional documents in accordance with subparagraph (1)*(b)*, for the purposes of section 60(1)*(b)*, the criteria for recognition of the fund specified in section 55(2)*(c)*(ii) are deemed to be satisfied.

Maintenance of financial records

13. Section 59(1)*(c)* and *(d)* shall not take effect with respect to an existing private or professional fund until the transition date. *(Amended by S.I. 42/2010)*

Enforcement action

14. Section 60(1)*(b)* shall not take effect with respect to an existing private or professional fund until the transition date. *(Amended by S.I. 42/2010)*

Licensed fund managers and administrators

15. A fund manager or fund administrator that, immediately before the commencement date, is licensed as a fund manager, a fund administrator or a fund manager and administrator under the former act is deemed to be licensed as a fund manager or fund administrator (as the case may be) under section 6 with effect from the commencement date.

Recognised managers

16. (1) A person who, immediately before the commencement date, is exempt, as a recognised manager, from the requirement to hold a licence under section 22 of the Mutual Funds Act 1996 by virtue of paragraph 2 of the Mutual Funds (Recognised Managers and Family Trusts) (Exemption) Directions, 1997—

(a) is exempt from section 4(1) of this Act; but

(b) is deemed to be a licensee for the purposes of the Financial Services Commission Act.

(2) Paragraphs 3, 4(2) and 5 of the Mutual Funds (Recognised Managers and Family Trusts) (Exemption) Directions, 1997 apply to a person specified in subparagraph (1), notwithstanding their revocation.

PART IIIA

Existing private investment funds

16A. A person who, immediately before or after the coming into force of this Act, was carrying or carries on business as a private investment fund of any kind, shall not be guilty of an offence under section 63B and shall be deemed not to be carrying on unauthorised financial services business within the meaning of the Financial Services Commission Act by virtue of his or her carrying on that business—

(a) during the transition period;

(b) if the person applies for recognition as a private investment fund during the transition period, until the date the application is determined by the Commission or is withdrawn, whichever comes earlier; or

(c) if an appeal is lodged during the transition period with the Financial Services Appeal Board established under section 3 of the Financial Services Appeal Board Act, until the appeal is determined by the Board or is withdrawn, whichever comes earlier.

(Inserted by Act 12 of 2019)

PART IV

PROVISIONS OF GENERAL APPLICATION

Authorised representatives

17. Section 65 and 66(2) shall not take effect until the transition date. *(Amended by S.I. 42/2010)*

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MUTUAL FUNDS REGULATIONS

ARRANGEMENT OF REGULATIONS

PART III

MISCELLANEOUS PROVISIONS

MUTUAL FUNDS REGULATIONS – SECTION 62

(S.I.s 18/2010, 41/2010 and 82/2019)

Commencement

[17 May 2010]

PRELIMINARY PROVISIONS

Short tittle

1. These Regulations may be cited as the Mutual Funds Regulations.

Interpretation

2. In these Regulations, unless the context otherwise requires—

"Act" means the Securities and Investment Business Act;

"Commission" means the Financial Services Commission established under section 3(1) of the Financial Services Commission Act; and

"fund property", in relation to a private or professional fund, means—

(a) where the fund is a BVI business company or a partnership, the assets of the fund; and

(b) where the fund is a unit trust, the assets subject to the trust deed that constitutes the fund;

(Inserted by S.I. 82/2019)

"offering document" means a document that contains an invitation or offer to investors or potential investors to purchase or subscribe for fund interests in a private or professional fund, and includes an amended offering document.

Fund administration services

3. For the purposes of the definition of "fund administrator" in section 40(1) of the Act, "fund administration services" includes the following activities—

(a) acting as registrar or transfer agent with respect to mutual funds; and

(b) providing accounting services for, or with respect to, mutual funds, excluding the provision of audit and related services.

PART I

PRIVATE AND PROFESSIONAL FUNDS

Application for Recognition

Application for recognition as private or professional fund

4. (1) An application to the Commission for the recognition of a private or professional fund shall be in the approved form and shall specify the following—

(a) the address of the fund's place of business in the Virgin Islands;

(b) the name and address of each of the fund's directors;

(c) the name and address of the fund's authorised representative;

(d) if the fund is a unit trust, the name and address of the trustee;

(e) the address of any place or places of business that the fund may have outside the Virgin Islands;

(f) the name and address of the fund's auditor;

(g) the name and address of each of the fund's functionaries;

(h) whether the fund has issued, or intends to issue, an offering document;

(i) in the case of a fund incorporated, constituted, formed or organised under the laws of a country outside the Virgin Islands, written details of the nature and scope of the fund's business; and

(j) such other information as may be required by the approved form.

(2) An application under subregulation (1) shall be accompanied by the following—

(a) a copy of the fund's constitutional documents;

(b) a copy of the fund's certificate of incorporation, formation or registration or equivalent document, if any;

(c) if application is made to exempt the fund from the requirement to appoint a custodian, an explanation as to—

(i) why it is not considered necessary for a custodian to be appointed; and

(ii) the arrangements made, or to be made, to ensure the safe custody of the fund property;

(d) if application is made to exempt the fund from the requirement to appoint a manager, notification of the person who will fulfil the management function together with an explanation as to the arrangements made, or to be made, to ensure that the management function is adequately fulfilled;

(e) if the mutual fund has issued, or intends to issue, an offering document, a copy of the offering document or the proposed offering document; *(Amended by S.I. 82/2019)*

(f) if the mutual fund has not issued and does not intend to issue an offering document, an explanation as to why no offering document is to be issued including, in particular, how relevant information concerning the fund and any invitation or offer will be provided to investors and potential investors; and *(Amended by S.I. 82/2019)*

(g) a copy of the fund's valuation policy. *(Inserted by S.I. 82/2019)*

(3) The Commission may require any documents submitted under subregulation (2)*(a)* and *(b)* to be certified in such manner as it considers appropriate.

Matters required to be prescribed, professional investor and professional fund

5. (1) For the purposes of the definition of "professional investor" in section 40(1) of the Act the specified sum is $1,000,000.

(2) For the purposes of section 55(2)*(c)* of the Act, the minimum initial investment of each investor, other than an exempted investor, in a professional fund is $100,000 or its equivalent in another currency.

(3) For the purposes of section 55(4) of the Act, the following are exempted investors with respect to a fund—

(a) the manager, administrator, promoter or underwriter of the fund;

(b) any employee of the manager or promoter of the fund; and

(c) such other class or description of persons as the Commission may, by notice published in the *Gazette*, specify as exempted investors.

Obligations on Private and Professional Funds

Directors

6. (1) A private fund and a professional fund shall at all times have at least 2 directors, at least one of whom shall be an individual.

(2) Where a private or professional fund is in breach of subregulation (1), it shall immediately notify the Commission of that fact in writing.

Functionaries of private and professional funds

7. (1) Subject to subsection (2), a private fund and a professional fund shall at all times have—

(a) a fund manager;

(b) a fund administrator; and

(c) a custodian.

(2) The Commission may, on written application made by or on behalf of a private or professional fund, exempt the fund from the requirement to appoint a custodian or a fund manager.

(3) An application under subregulation (2) may be made together with the application for recognition or at any subsequent time.

(4) The custodian of a private or professional fund shall—

(a) be a person who is functionally independent from the fund manager and the fund administrator; or

(b) where the custodian is the same person as the fund manager or fund administrator, be a company having systems and controls that ensure that the persons fulfilling the custodial function are functionally independent from the persons fulfilling the fund management or fund administration functions.

(5) Subject to subregulation (6), no person shall be appointed as a functionary of a private or professional fund unless at least 7 days prior notification of the proposed appointment has been given to the Commission.

(6) The Commission may agree to accept a shorter period of notice than that specified in subregulation (5).

Functionary ceasing to hold office

8. (1) Written notice shall be given to the Commission by a private or professional fund within—

(a) 7 days after a functionary of the fund resigns, his or her appointment is terminated or he or she otherwise ceases to act as functionary of the fund; or

(b) such longer period as the Commission may specify.

(2) The notice provided under subregulation (1) shall include a statement of the reason for the person ceasing to act as functionary of the fund and a written notice shall be deemed not to be provided under that subregulation if it does not include such a statement.

(3) Where a functionary of a private or professional fund resigns, has his or her appointment terminated or otherwise ceases to act as functionary of the fund, the fund does not contravene regulation 7(1) if another person is appointed to act as functionary within 7 days of the original functionary ceasing to act.

Investment warning

9. (1) No offer or invitation shall be made to an investor or potential investor to purchase or subscribe for fund interests in a private or professional fund unless the investor or potential investor is provided with an investment warning that complies with these Regulations.

(2) Where a private or professional fund issues an offering document, the investment warning shall be included in a prominent place in the offering document.

(3) Where a private or professional fund does not issue an offering document, the investment warning shall be provided to each investor as a separate document.

(4) The investment warning required to be provided to an investor or potential investor shall clearly indicate that the fund has been established as a private or professional fund, as the case may be, and that—

(a) in the case of a private fund, the fund is suitable for private investors only and that the fund is limited to 50 investors or any invitation to subscribe for fund interests may be made on a private basis only;

(b) in the case of a professional fund—

(i) the fund is only suitable for professional investors, as defined in the Act; and

(ii) a minimum initial investment of $100,000 (or such larger sum as may apply with respect to the fund) is required; *(Amended by S.I. 41/2010)*

(c) the fund is not subject to supervision by the Commission or by a regulator outside the Virgin Islands and that requirements considered

necessary for the protection of investors that apply to public funds do not apply to private or professional funds;

(d) an investor in a private or professional fund is solely responsible for determining whether the fund is suitable for his or her investment needs;

(e) by reason of the above, investment in a private or professional fund may present a greater risk to an investor than investment in a public fund.

Valuation of fund property

9A. (1) A private or professional fund shall maintain a clear and comprehensive policy for the valuation of fund property with procedures that are sufficient to ensure that the valuation policy is effectively implemented.

(2) A private or professional fund shall ensure that its administrator or such other person having responsibility for the valuation of fund property, values fund property in accordance with the valuation policy.

(3) The valuation policy and procedures of a private or professional fund shall—

(a) be appropriate for the nature, size, complexity, structure and diversity of the fund and fund property;

(b) be consistent with the provisions concerning valuation contained in its constitutional documents and offering document;

(c) require valuations to be undertaken at least on an annual basis;

(d) include procedures for preparing reports on the valuation of fund property; and

(e) specify the mechanisms in place for disseminating valuation information and reports to investors.

(4) Subject to sub-regulation (5), a private or professional fund shall ensure that the fund's manager, or such other person having responsibility for the investment function, is independent from the fund's administrator, or such other person having responsibility for the valuation process.

(5) Where a private or professional fund determines that the fund's manager, or such other person having responsibility for the investment function, must be the same as the administrator or such other person having responsibility for the valuation of fund property, the private or professional fund shall—

(a) identify, manage and monitor any potential conflicts of interest that may arise; and

(b) disclose to investors in the fund—

(i) that the fund's manager or such other person having responsibility for the investment function is the same as the fund's administrator or such other person having responsibility for the valuation function; and

(ii) details of how any potential conflicts of interest will be managed.

(Inserted by S.I. 82/2019)

Financial Statement and Audit

Preparation and audit of financial statements

10. (1) Subject to subregulation (2), a private fund and a professional fund shall—

(a) prepare financial statements for each financial year that comply with—

(i) one of the accounting standards specified with respect to public funds in regulation 17(1)*(a)* to *(d)*; or

(ii) internationally recognised and generally accepted accounting standards equivalent to the accounting standards referred to in subparagraph (i); and

(b) appoint, and at all times have, an auditor for the purposes of auditing its financial statements.

(2) The Commission may, on written application made by or on behalf of a private or professional fund, exempt the fund from the requirement to appoint an auditor.

(3) The auditor of a private or professional fund shall—

(a) audit the fund's financial statements and prepare his or her report in accordance with—

(i) US Generally Accepted Auditing Standards;

(ii) International Standards on Auditing (UK);

(iii) International Standards on Auditing;

(iv) Hong Kong Standards on Auditing;

(v) Canadian Auditing Standards; or

(vi) such other recognised international auditing standards as may be approved by the Commission on a case by case basis;
(Substituted by S.I. 82/2019)

(b) certify the fund's compliance with such obligations and matters as may be specified in the Act and these Regulations;

(c) provide such certifications or confirmations as may be specified by the Commission in a written notice sent to the fund and the auditor; and

(d) carry out such other duties as may be required of the auditor by the Act or these Regulations.

(4) A private or professional fund shall provide a copy of its audited financial statements to the Commission within 6 months after the financial year end for the financial statements or such extended period not exceeding 15 months as, subject to subsection (5), the Commission may approve in writing.

(5) The Commission shall not grant an extension under subregulation (4) of more than 9 months unless it is satisfied that a further extension is justified by exceptional circumstances.

Notifications

11. (1) A private fund and a professional fund shall provide written notice to the Commission in accordance with this regulation of—

(a) the appointment of a director, authorised representative or auditor;

(b) a director, authorised representative or auditor ceasing, for whatever reason, to hold office;

(c) any change in the address of the fund's place of business, whether in or outside the Virgin Islands;

(d) any material change in the nature and scope of the fund's business, in the case of a fund incorporated, constituted, formed or organised under the laws of a country outside the Virgin Islands;

(e) any amendment to its constitutional documents;

(f) the issuance of an offering document that was not provided to the Commission with the fund's application for recognition; *(Amended by S.I. 82/2019)*

(g) the amendment of any offering document previously provided to the Commission, whether with its application or in accordance with paragraph *(f)*; and *(Amended by S.I. 82/2019)*

(h) any amendment to the fund's valuation policy. *(Inserted by S.I. 82/2019)*

(2) Notification of the matters specified in subregulation (1) shall be provided as follows—

(a) in the case of a notice provided in accordance with subregulation (1)*(a)*, *(b)* or *(c)*, within 14 days after the date of the occurrence of the matter to be notified;

(b) in the case of a notice provided in accordance with subregulation (1)*(d)*, as soon as reasonably practicable after the change;

(c) in the case of a notice provided in accordance with sub-regulation (1)*(e), (f), (g)* or *(h)*, no more than 14 days after the occurrence of the matter in respect of which notice is given. *(Substituted by S.I. 82/2019)*

PART II

PUBLIC FUNDS

Registration

Application for registration of public fund

12. (1) An application to the Commission for the registration of a public fund shall be in the approved form and shall specify the following—

(a) the address of the place of business of the fund in the Virgin Islands;

(b) the name and address of the fund's authorised representative;

(c) if the fund is a BVI business company, the name and address of the fund's directors;

(d) if the fund is a unit trust, the name and address of the trustee;

(e) the name and address of any promoters of the fund;

(f) the address of any place or places of business that the fund may have outside the Virgin Islands;

(g) the name and address of the fund's auditor;

(h) the name and address of each of the fund's functionaries;

(i) the place or places where the fund's financial and other records will be kept; and

(j) such other information as may be required by the approved form.

(2) An application for the registration of a public fund shall be accompanied by the following—

(a) a copy of the fund's constitutional documents;

(b) a copy of the fund's certificate of incorporation, formation or registration or equivalent document, if any;

(c) a statement setting out the nature and scope of the business to be carried on by the fund in or from within the Virgin Islands, including the name of any other country where the fund is carrying on or intends to carry on business;

(d) if application is made to exempt the fund from the requirement to appoint a custodian, an explanation as to—

(i) why it is not considered necessary for a custodian to be appointed; and

(ii) the arrangements made, or to be made, to ensure the safe custody of the fund property;

(e) a copy of the prospectus issued or proposed to be issued by or on behalf of the fund; and

(f) a copy of each functionary agreement.

(3) The Commission may require any documents submitted under subregulation (2)*(a)* or *(b)* to be certified in such manner as it considers appropriate.

Prospectus

Content of prospectus of public fund

13. A prospectus issued by a public fund shall—

(a) state prominently at the head of the first page or on the cover that it is a prospectus prepared in accordance with the Act, these Regulations and the Public Funds Code;

(b) contain the information specified in the Public Funds Code;

(c) be accompanied by, or contain reference to, the availability of the financial statements for the last financial year of the fund and the auditor's report on those accounts, if the fund has completed a financial year in operation;

(d) be accompanied by such other documents as may be specified in the Public Funds Code; and

(e) contain such other matters as the Commission may require.

Other Requirements

Directors

14. (1) A public fund that is a BVI business company shall at all times have at least 2 directors.

(2) Only an individual shall be appointed as the director of a public fund.

(3) Where a public fund is in breach of subregulation (1), it shall—

(a) immediately notify the Commission of that fact in writing; and

(b) within 21 days of the breach, submit an application to the Commission for the appointment of one or more new directors pursuant to section 54 of the Act in order to ensure compliance with subregulation (1).

Unit trust to have a trustee

15. A public fund that is a unit trust shall at all times have a trustee that is a body corporate.

Functionaries of public fund

16. (1) Subject to subregulation (2), a public fund shall at all times have—

(a) a fund manager;

(b) a fund administrator; and

(c) a custodian.

(2) The Commission may, on written application made by or on behalf of a public fund, exempt the fund from the requirement to appoint a custodian.

(3) An application under subregulation (2) may be made together with the application for registration or at any subsequent time.

(4) Each functionary of a public fund shall be functionally independent from every other functionary of the fund.

Prescribed accounting and audit standards

17. (1) The following accounting standards are specified for the purposes of Part IV of the Act in relation to public funds—

(a) the International Financial Reporting Standards, promulgated by the International Accounting Standards Board;

(b) UK GAAP;

(c) US GAAP;

(d) Canadian GAAP; or

(e) such other recognised international accounting standards as may be approved by the Commission on a case by case basis.

(2) The auditor of a public fund shall—

(a) audit the fund's financial statements and prepare his or her report in accordance with—

(i) US Generally Accepted Auditing Standards;

(ii) International Standards on Auditing (UK);

(iii) International Standards on Auditing;

(iv) Hong Kong Standards on Auditing;

(v) Canadian Auditing Standards; or

(vi) such other recognised international auditing standards as may be approved by the Commission on a case by case basis;
(Substituted by S.I. 82/2019)

(b) certify the fund's compliance with such obligations and matters as may be specified in the Act and these Regulations;

(c) provide such certifications or confirmations as may be specified by the Commission in a written notice sent to the fund and the auditor; and

(d) carry out such other duties as may be required of the auditor by the Act or these Regulations.

Notifications

18. (1) A public fund shall provide written notice to the Commission in accordance with this regulation of—

(a) the appointment of a director, authorised representative or auditor;

(b) a director, authorised representative or auditor ceasing, for whatever reason, to hold office;

(c) any change in the address of the fund's place of business, whether in or outside the Virgin Islands;

(d) any change in the place or places where the fund's financial and other records are kept;

(e) any material change in the nature and scope of the fund's business, in the case of a fund incorporated, constituted, formed or organised under the laws of a country outside the Virgin Islands;

(f) any proposed amendment to its constitutional documents;

(g) its intention to issue an offering document not provided to the Commission with the funds application for registration; and

(h) its intention to amend any offering document provided to the Commission with its application or in accordance with paragraph *(g)*.

(2) Notification of the matters specified in subregulation (1) shall be provided as follows—

(a) in the case of a notice provided in accordance with subregulation (1)*(a)*, *(b)*, *(c)* or *(d)*, within 14 days after the date of the occurrence of the matter to be notified;

(b) in the case of a notice provided in accordance with subregulation (1)*(e)*, as soon as reasonably practicable after the change;

(c) in the case of a notice provided in accordance with subregulation (1)*(f)*, *(g)* or *(h)*, no less than 21 days prior to the issue of the proposed offering document or the proposed amendment, as the case may be, or such shorter period as the Commission may approve in writing.

Public Funds Code

19. The following matters may be provided for in the Public Funds Code—

(a) the management, control and administration of public funds, the persons who may be appointed as functionaries of a public fund and the duties of those functionaries;

(b) the custodial arrangements to be put in place with respect to public funds;

(c) the reporting of information and the submission of documents to the Commission, including periodic returns, and the verification of the information or documents, and returns to be submitted to the Commission by and in respect of public funds;

(d) the issue and redemption of fund interests in public funds;

(e) the rights of investors in public funds;

(f) conflicts of interests;

(g) title to, and the transfer of, public fund property;

(h) segregation of assets;

(i) the income of a public fund;

(j) meetings of investors of public funds;

(k) the retention of records by public funds and the functionaries of public funds;

(l) requirements and restrictions with respect to—

(i) the constitutional documents of a public fund;

(ii) investments and borrowing;

(iii) pricing and dealing;

(iv) the suspension and termination by a public fund of its operation or business;

(v) the valuation of assets and liabilities of a public fund; and

(vi) payments made, and benefits provided, to the functionaries of a public fund.

PART III

MISCELLANEOUS PROVISIONS

Registers

20. (1) The Registers maintained by the Commission and the information contained in any document filed may be kept in such manner as the Commission considers fit including, either wholly or partly, by means of a device or facility—

(a) that records or stores information magnetically, electronically or by other means; and

(b) that permits the information recorded or stored to be inspected and reproduced in legible and usable form.

(2) The registers required to be maintained under the Act shall—

(a) specify the following information with respect to each fund—

(i) the address of the place of business and address for service in the Virgin Islands of the person who applied for registration or recognition ("the applicant");

(ii) the applicant's authorised representative;

(iii) the address of the place of business that the applicant may have outside the Virgin Islands;

(iv) the date of registration or recognition of the fund;

(v) the status of the registration or recognition, if cancelled, and the date of cancellation;

(vi) whether fees payable by the fund for the current year have been paid and the date on which they were paid; and

(vii) such other information as the Commission considers to be appropriate; and

(b) be open to public inspection.

Transitional provisions

21. The transitional provisions specified in the Schedule shall have effect.

SCHEDULE

(Regulation 21)

TRANSITIONAL PROVISIONS

Interpretation

1. In this Schedule—

"commencement date" means the date the Act is brought into force;

"existing private fund" means a mutual fund that, immediately before the commencement date, was recognised as a private fund under the former Act;

"existing professional fund" means a mutual fund that, immediately before the commencement date, was recognised as a professional fund under the former Act;

"existing public fund" means a mutual fund that, immediately before the commencement date, was registered as a public fund under the former Act;

"first transition date" means 31 December, 2010;

"former Act" means the Mutual Funds Act, 1996 repealed under the Act;

"second transition date" means the date the Public Funds Code comes into effect; and

"transitioning mutual fund" means a person who, immediately prior to the coming into force of the Mutual Funds (Amendment) Regulations, 2019, was recognised as a private or professional fund or registered as a public fund under the Act.

(Amended by S.I. 41/2010)

Private and Professional Funds

2. The following provisions of these Regulations shall not take effect until the first transition date with respect to an existing private or professional fund:

(a) regulation 6;

(b) regulation 7 (1) and (4); and

(c) regulation 9.

Financial statements and audit re private and professional funds

3. (1) For the purposes of this regulation, "current financial year", in relation to an existing private or professional fund, means the financial year of the fund that commenced before, and ends after, the commencement date.

(2) Regulation 10(1) and (4) do not have effect with respect to the current financial year of an existing private or professional fund, or any financial statements prepared in respect of the current financial year.

(3) Regulation 10(3) does not have effect in relation to the auditor of an existing private or professional fund appointed in respect of the current financial year.

Public funds

4. The following provisions of these Regulations shall not take effect until the first transition date with respect to an existing public fund:

(a) regulation 14;

(b) regulation 16 (1) and (4); and

(b) subject to paragraph 6 (2), regulation 17.

Prospectus of public fund

5. Regulation 13 shall not take effect until the second transition date.

Audit of financial statements re public funds

6. (1) For the purposes of this regulation, "current financial year", in relation to an existing public fund, means the financial year of the fund that commenced before, and ends after, the commencement date.

(2) Regulation 17(2) does not have effect in relation to the auditor of an existing public fund appointed in respect of the current financial year.

Effective Date

7. The provisions of the Mutual Funds (Amendment) Regulations, 2019 shall take effect in relation to a transitioning mutual fund on 1st July 2020.

(Inserted by S.I. 82/2019)

THIS IS THE EXHIBIT MARKED "**RC-6**"

REFERRED TO IN

THE 1ST AFFIDAVIT

OF **RUSSELL CRUMPLER**

AFFIRMED BEFORE ME

IN THE BRITISH VIRGIN ISLANDS

ON

THIS 8th DAY OF July 2022

BEFORE ME

A NOTARY PUBLIC

LORRAINE A. Y. LA ROSE
Notary Public
~~The Virgin Islands (UK)~~
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Crypto Hedge Fund Three Arrows Capital Considers Asset Sales, Bailout

Firm's founders say they still believe in the future of cryptocurrencies

Three Arrows took part in a $1 billion token sale this year by Luna Foundation Guard before Luna's value plummeted.

PHOTO: GABBY JONES/BLOOMBERG NEWS

By Serena Ng

June 17, 2022 8:45 am ET

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Cryptocurrency-focused hedge fund Three Arrows Capital Ltd. has hired legal and financial advisers to help work out a solution for its investors and lenders, after suffering heavy losses from a broad market selloff in digital assets, the firm's founders said on Friday.

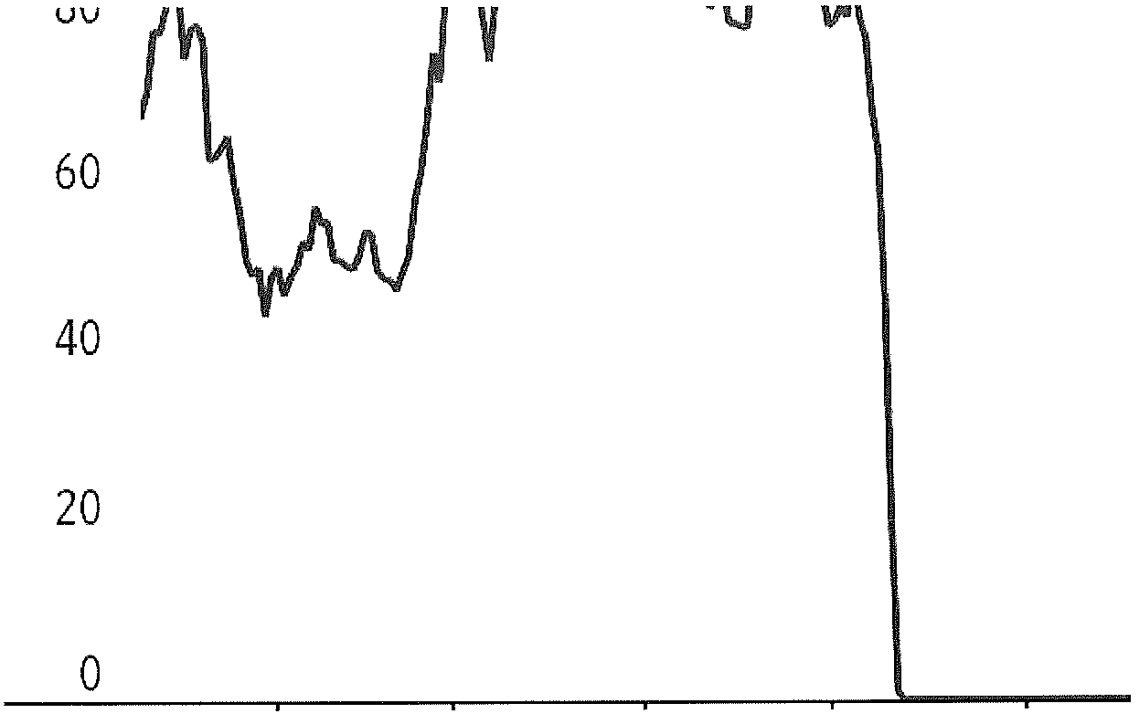
"We have always been believers in crypto and we still are," Kyle Davies, Three Arrows's co-founder, said in an interview. "We are committed to working things out and finding an equitable solution for all our constituents."

The nearly decade-old hedge fund, which was started by former schoolmates and Wall Street currency traders Su Zhu and Mr. Davies, had roughly $3 billion in assets under management in April this year.

That was shortly before a sudden collapse in the values of TerraUSD, a so-called algorithmic stablecoin, and its sister token, Luna, in mid-May.

Three Arrows is exploring options including asset sales and a rescue by another firm, Mr. Davies said. The fund is hoping to reach an agreement with creditors that would give it more time to work out a plan. The firm is still operating as it seeks a solution.

Price of Luna Classic*



As of June 17, 7:38 a.m. ET

Note: *The original cryptocurrency previously called Luna. A new Luna token was issued last month after the collapse of TerraUSD and Luna Classic

Source: CoinDesk

Three Arrows was among a group of large investors that took part in a $1 billion token sale earlier this year by Luna Foundation Guard, a nonprofit organization started by South Korean developer Do Kwon, the creator of TerraUSD. The funds went toward a bitcoin-denominated reserve for the stablecoin, and were meant to help maintain TerraUSD's value at $1 per coin.

Mr. Davies said Three Arrows invested about $200 million in Luna as part of that deal, a sum that was effectively wiped out when TerraUSD and Luna both became worthless in a matter of days.

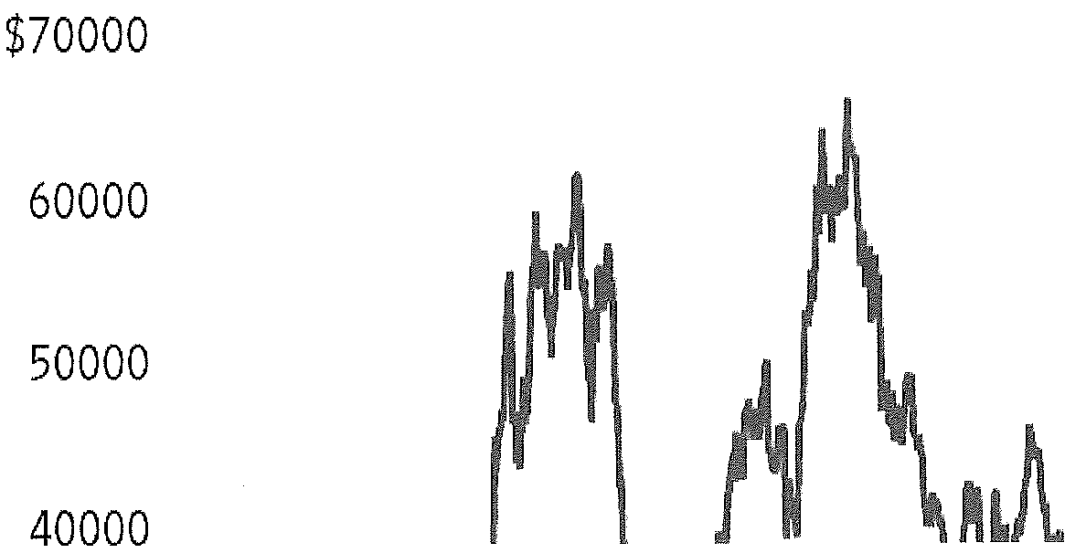
The two cryptocurrencies were previously among the 10 largest digital coins before they lost a total of $60 billion in market capitalization last month, he added. Before the collapse, a few people in the crypto industry had voiced concerns about TerraUSD's stability and its dependence on traders to act as its backstop, saying this mechanism could allow for a potential downward spiral.

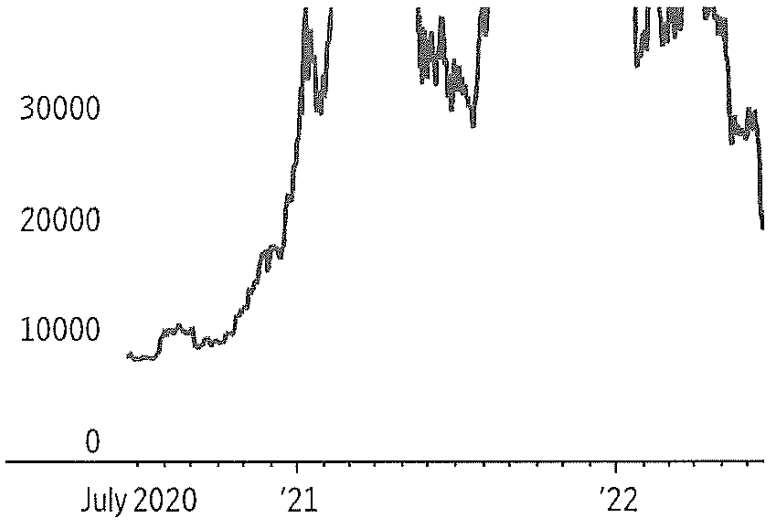
"The Terra-Luna situation caught us very much off guard," Mr. Davies said, adding that the massive selloff was unprecedented. The Luna Foundation's sale of bitcoin to help support TerraUSD also worsened declines in the value of bitcoin in May.

Mr. Davies said Three Arrows was able to withstand the Luna losses, but the subsequent cascade of events that caused prices of bitcoin, ether and other cryptocurrencies to plummet in recent weeks created more problems, he added.

Credit conditions have tightened markedly as digital asset values have fallen across the board, leading some lenders to demand partial or full repayment on loans they previously made to crypto investors. Rapidly rising U.S. interest rates—a result of the Federal Reserve's attempts to rein in high inflation—have also worsened a selloff in riskier assets.

How many dollars one bitcoin buys





Source: CoinDesk

Crypto's total market capitalization, which had topped out at nearly $3 trillion in November last year, had tumbled to $910 billion as of Friday, according to data provider CoinMarketCap. Last weekend, Celsius Network LLC, a widely used cryptocurrency lender, abruptly froze customer withdrawals, swaps and transfers between accounts, blaming what it said were extreme market conditions.

"We were not the first to get hit...This has been all part of the same contagion that has affected many other firms," Mr. Davies said.

He said Three Arrows is still trying to quantify its losses and value its illiquid assets, which include venture-capital investments in dozens of private cryptocurrency-related companies and startups.

"We are the biggest investors in the fund, and our intent was always for everyone to do well in it," said Mr. Zhu, Three Arrows's other founder.

Back in early 2021, Mr. Zhu had predicted that bitcoin would enter what is

known as a growth supercycle with continually rising prices as the cryptocurrency gained more mainstream adoption. In late May, as the market selloff was under way, he tweeted that the "Supercycle price thesis was regrettably wrong, but crypto will still thrive and change the world every day."

The sudden comedown of Three Arrows follows the firm's previously strong performance record. Messrs Zhu and Davies started their fund in late 2012 with just $1.2 million. It originally focused on trading emerging markets currencies before moving heavily into cryptocurrencies in recent years—multiplying the fund's investments as bitcoin and other digital assets increased in value.

The firm is known to have had large positions in the Grayscale bitcoin Trust and "Lido staked ether" tokens, both of which have also suffered losses recently. The latter is derivative of the cryptocurrency ether that is locked up until the Ethereum network transitions to a less energy-intensive model. These tokens have recently traded at a discount to ether itself.

Nichol Yeo, a partner of law firm Solitaire LLP who is advising Three Arrows, said all of the fund's investors are institutions or wealthy investors. He added that the firm is keeping Singapore's financial regulator, the Monetary Authority of Singapore, apprised of its recent developments.

Just before the latest downturn, Three Arrows said it was making plans to move its headquarters to Dubai, where the digital-asset industry is booming. The firm operated as a regulated fund manager in Singapore until last year, when it shifted its domicile to the British Virgin Islands as part of its relocation plan.

WSJ's Dion Rabouin explains why Wall Street is now betting big on crypto and what that means for the new asset class and its future. Photo composite: Elizabeth Smelov

—Caitlin Ostroff and Vicky Ge Huang contributed to this article.

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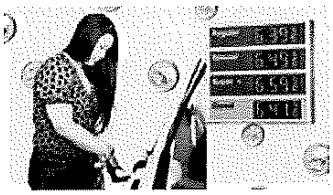

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A major crypto hedge fund is wobbling as $10 billion Three Arrows Capital sees a spate of liquidations

BY TAYLOR LOCKE
June 17, 2022 5:20 AM GMT+8

As the crypto winter intensified in early June, Galaxy Digital CEO Mike Novogratz said he thinks two-thirds of crypto hedge funds will go out of business. His prediction took days to start bearing out.

After $400 million in liquidations, a major hedge fund in the space, Singapore-based Three Arrows Capital, or 3AC, is reportedly facing insolvency, and many dominos look likely to fall next.

3AC's lenders continue to come forward as the fund, which managed $10 billion in assets in March, according to blockchain analytics firm Nansen, fails to meet margin calls and liquidates its cryptocurrency holdings, adding more downward pressure on the beleaguered market.

There were "some major shifts in [3AC's] positions" early in the week, Andrew Thurman, content lead and analyst at leading blockchain data firm Nansen, told *Fortune* on Tuesday. "I don't want to comment on what that might mean for their health, but it's clear that they're reshuffling major portions of their holdings."

As rumors began to swirl of possible insolvency, 3AC cofounder Su Zhu was initially silent, then seemed to acknowledge the turbulence on Tuesday, tweeting, "We are in the process of communicating with relevant parties and fully committed to working this out."

> We are in the process of communicating with relevant parties and fully committed to working this out
>
> — Zhu Su ðŸ"º (@zhusu) June 15, 2022

Cryptocurrency lender BlockFi is among the most recent to liquidate some of 3AC's positions, according to the Financial Times. BlockFi CEO Zac Prince confirmed its exit in a Thursday tweet: "BlockFi can confirm that we exercised our best

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business judgment recently with a large client that failed to meet its obligations on an overcollateralized margin loan. We fully accelerated the loan and fully liquidated or hedged all the associated collateral."

> BlockFi can confirm that we exercised our best business judgment recently with a large client that failed to meet its obligations on an overcollateralized margin loan. We fully accelerated the loan and fully liquidated or hedged all the associated collateral.
>
> — Zac Prince (@BlockFiZac) June 16, 2022

Since then, others with exposure to 3AC have come forward. Finblox, a platform offering users up to 90% yield to deposit their cryptocurrency, reduced its withdrawal limits by two-thirds and cited its relationship with 3AC.

> IMPORTANT UPDATE FROM FINBLOX! pic.twitter.com/VjclRMMiSe
>
> — Finblox (@finblox) June 16, 2022

On Twitter, Deribit, a cryptocurrency derivatives exchange, claimed on Thursday that 3AC is a shareholder of its parent company, adding that Deribit has "a small number of accounts that have a net debt to us that we consider as potentially distressed."

Deribit also tweeted, "Even in the event that none of this debt is repaid to us, we will remain financially healthy and operations will not be impacted. We can confirm all customer funds are safe and the full insurance fund will remain intact as is."

Danny Yuan, chief executive officer of cryptocurrency trading firm 8 Blocks Capital, also claimed to have been impacted by 3AC. "We trade in one of 3AC's trading accounts. This morning they took about [$1 million] out of our accounts. I hope you pay us back asap," he tweeted on Tuesday.

Since the Terra ecosystem collapsed, with failed algorithmic stablecoin TerraUSD (UST) and cryptocurrency Luna (LUNC) becoming nearly worthless, there has been a ripple effect throughout the space. One of the cryptocurrency market's biggest lending platforms, Celsius Network, paused its withdrawals on Monday, sparking rumors of bankruptcy. Reports concerning the state of 3AC followed soon after, pushing further fears of contagion and systemic risk.

3AC reportedly owned LUNC alongside other cryptocurrencies, and it was a hefty investor in the Grayscale Bitcoin Trust, or GBTC, the largest Bitcoin fund. According to a January 2021 SEC filing, 3AC owned almost 39 million units of GBTC at the end of 2020.

"A lot of people have reached out about what they know—many of whom have direct relationships with 3AC as well. What we learned is that they were leveraged long everywhere and were getting margin-called," Yuan wrote on Twitter. "Instead of answering the margin calls, they ghosted everyone. The platforms had no choice but to liquidate their positions, causing the markets to further dump."

3AC did not immediately respond to *Fortune*'s request for comment.

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March 22, 2022
BY TAYLOR LOCKE

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AFFIRMED BEFORE ME

IN THE BRITISH VIRGIN ISLANDS

ON

THIS 8th DAY OF July 2022

BEFORE ME

A NOTARY PUBLIC

LORRAINE A. Y. LA ROSE
Notary Public
The Virgin Islands *(UK)*
My commission expires: 31st January 20_23

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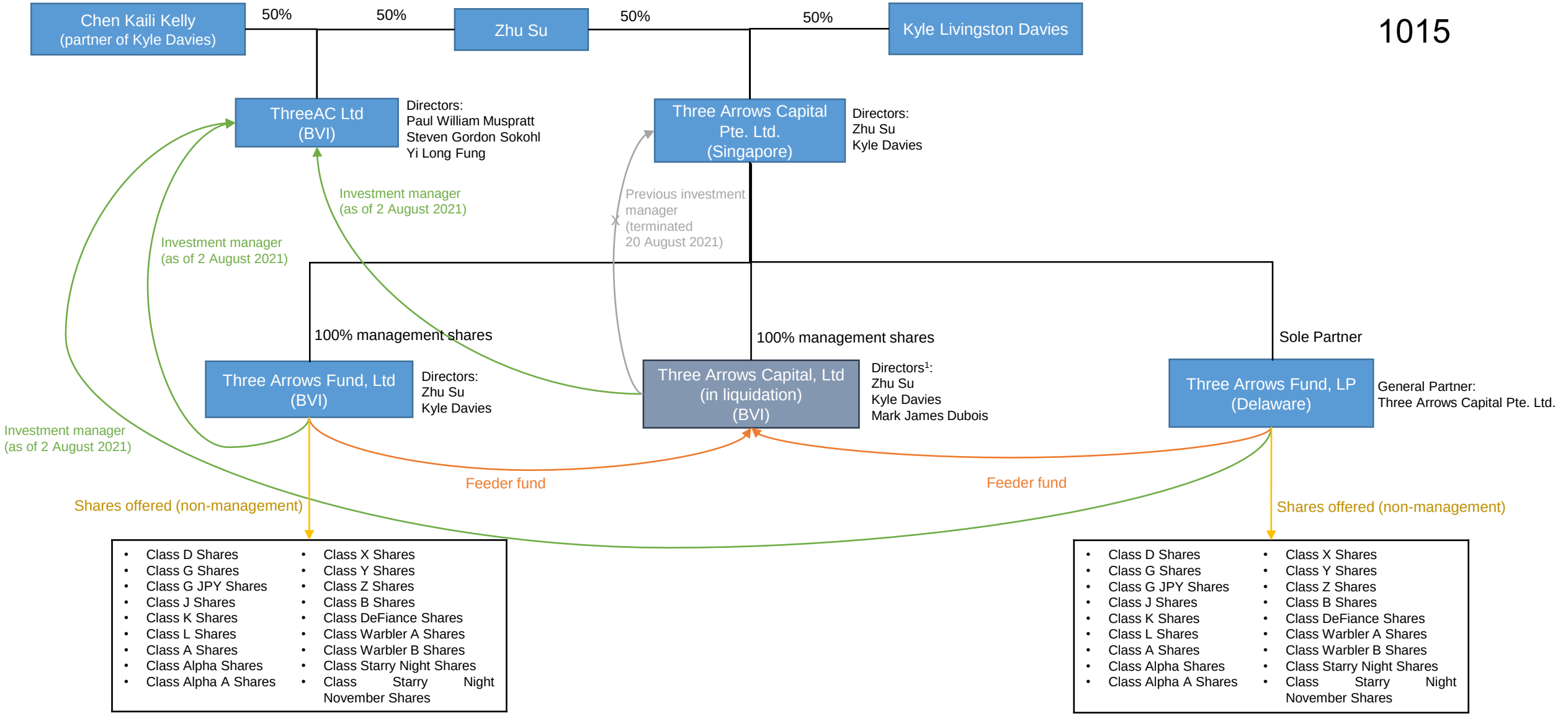
Dated 6 July 2022

1015



[1] As of 28 June 2022. A new Register of Directors was filed on that day.

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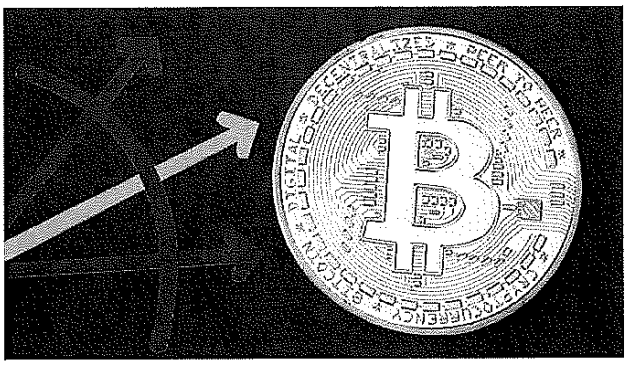
Cryptocurrencies

Crypto hedge fund Three Arrows fails to meet lender margin calls

BlockFi was among a clutch of firms that liquidated the Singapore-based group's positions



Kadhim Shubber and Joshua Oliver in London 8 HOURS AGO

Three Arrows Capital failed to meet demands from lenders to stump up extra funds after its digital currency bets turned sour, tipping the prominent crypto hedge fund into a crisis that comes as a credit crunch grips the industry.

The group's failure to meet margin calls this past weekend makes the group the latest victim of an acute fall in the prices of many tokens such as bitcoin and ether that is rippling across the market. Singapore-based Three Arrows is among the biggest and most active players in the crypto industry with investments across lending and trading platforms.

Lenders have sharply tightened up how much credit is on offer following tremors over the past month. Celsius, a major crypto financial services company, blocked withdrawals last week, while a pair of major tokens collapsed in May.

US-based crypto lender BlockFi was among the groups that liquidated at least some of Three Arrows's positions, meaning it reduced its exposure by taking collateral the fund had put down to back its borrowing, according to people familiar with the matter.

Three Arrows, which made a "strategic" investment in BlockFi in 2020 that it exited the following year, had borrowed bitcoin from the lender, the people said, but had been unable to meet a margin call. One of the people said the liquidation had occurred by mutual consent.

"We are in the process of communicating with relevant parties and fully committed to working this out," said Su Zhu, Three Arrows co-founder, on Twitter on Wednesday, without specifically identifying any counterparty. The company did not respond to a request for comment.

Yuri Mushkin, BlockFi's chief risk officer, said the group "can confirm that we exercised our best business judgment recently with a large client that failed to meet its obligations . . . We believe we were one of the first to take action with this counterparty."

He added that BlockFi had held collateral in excess of the size of the loan.

"BlockFi's prudent and proactive risk management is for the benefit of our broader client base and allows us to remain open for business during times of market stress," Mushkin said.

The troubles at Three Arrows ricocheted to Finblox, a platform that offers traders 90 per cent annualised yields to lend out their crypto. Finblox, which is backed by venture capitalist firm Sequoia Capital and received an investment from Three Arrows, reduced its withdrawal limits by two-thirds late on Thursday London time, citing the situation at the hedge fund.

Three Arrows, run by Zhu and his co-founder Kyle Davies, is known for its bullish levered bets on crypto. Zhu had espoused a "supercycle" view of crypto, in which increasing mainstream adoption meant prices would continue to rise without falling back into a near-term bear market.

Last month, he acknowledged the current sell-off had proved him wrong. "Supercycle price thesis was regrettably wrong, but crypto will still thrive and change the world every day," Zhu wrote on Twitter in late May.

"They were really big and really active. They went into some enormous positions," said David Siemer, chief executive of Wave Financial, a digital asset manager. He added that major crypto firms across the space likely had exposure to Three Arrows: "They worked with everybody."

Three Arrows was mainly, if not exclusively, managing Zhu's and Davies' own capital, according to industry sources. One person who has spoken with the managers in recent months said they were told the fund's total value was $4bn. Blockchain analytics firm Nansen has previously estimated the fund's assets at $10bn.

Another person, who works at a crypto trading firm, said they had been unable to reach Three Arrows in recent days. "They're not responding to anyone," they said.

Among Three Arrows's big bets was luna, the sister token to the algorithmic stablecoin terra. Both imploded in May, going to zero, a market- shattering event that turned what had been months of steady declines in crypto prices into a more dramatic rout.

The fund had holdings in a variety of crypto ventures whose tokens have performed badly in recent months, including Avalanche, Solana and the game Axie Infinity, all of which are down around 90 per cent since their November peaks.

Three Arrows was also the biggest investor in units of the Grayscale bitcoin trust, GBTC, according to FactSet data. GBTC currently trades at a 30 per cent discount to the price of bitcoin as the US Securities and Exchange Commission has thus far declined to approve it as an exchange traded fund that would be open to retail investors.

Until early 2021, GBTC had traded at a premium to the price of bitcoin. That offered an arbitrage opportunity for funds such as Three Arrows, which could borrow bitcoin, deposit it with Grayscale in return for GBTC units, which could then be sold at a profit on the open market. Grayscale does not allow redemptions of GBTC for the underlying bitcoin.

Three Arrows owned almost 39mn units of GBTC at the end of 2020 then worth $1.9bn, according to its last report to the SEC in January 2021. The same position today would be valued at just $550mn.

Michael Sonnenshein, chief executive of Grayscale, said he had no knowledge of Three Arrows's trades, but added: "There are players here that have employed too much leverage . . . a major correction in prices is sending shockwaves through the ecosystem".

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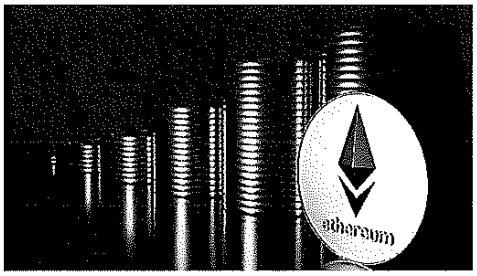
NEWS

Three arrows capital (3AC) liquidates its staked Ethereum holdings

By PAUL ADE — 17. June 2022

- **Three arrows capital (3AC) liquidates a wallet with staked Ethereum (stETH).**
- **Staked Ethereum trades below $1,000 as intense sell-offs continue.**



Crypto hedge fund, three arrows capital, is close to being insolvent. Recently, it started selling its Ethereum and stETH holdings to pay off its outstanding loans and debts. This action by the crypto hedge fund will likely affect the crypto market negatively. There will likely be billion-dollar worth of liquidation. Thus, leading to another crypto market crash.

Three arrows capital dumps more stETH

Earlier on Thursday, 3AC dumped 5,500 stETH from one of its wallet addresses. There was still 14,118 stETH left in the wallet following that transaction. However, the crypto hedge fund swapped the stETH balance in this wallet later in the day.

The first transaction was worth 6.1M USDT, while the second was worth 13.5M USDT. Etherscan data shows that the fund sold the stETH balance in two transactions. In the first transaction, 3AC dumped 7,000 stETH, while it dumped 7,118 stETH in the second transaction.

Yesterday's stETH dumps weren't the first by 3AC. The fund has been selling huge amounts of its stETH. Various analytics show that 3AC's stETH dump is now larger than the Celsius network.

Why 3AC is selling its crypto holdings

Over the last two months, 3AC has been selling off massive amounts of its stETH holdings from every account and seed round address. The crypto hedge fund has also been doing likewise to its Ethereum holdings. Also, multiple reports confirm that some 3AC-related firms are having operational issues.

Hence, it is likely that 3AC may sell off such companies soon. It is no wonder some firms, such as BlockFi, have started reducing their holdings in 3AC. The 3AC volatility has caused Finblox (one of the fund's CeFi firms) to pause reward distributions.

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22. June 2022

Insolvency for 3AC could be a huge blow for the crypto industry. The fund manages more than $18b worth of digital assets. If the 3AC team can't find other means to solve its financial issues, it would likely dump its other crypto holdings.

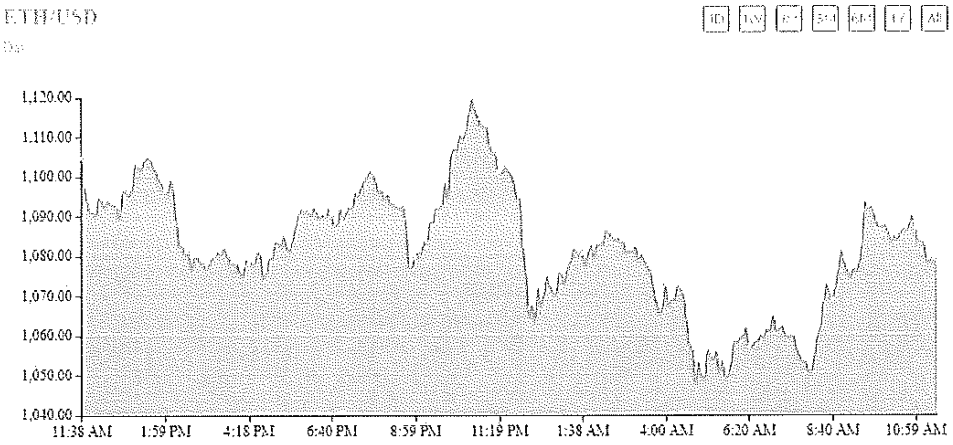
3AC has sizeable holdings of Bitcoin, Solana, Kusama, Avalanche, and Polkadot. Dune analytics data showed that 3AC's portfolio of about $372.27M has dropped to about $139.12M in the last 24 hours.

The data also showed that 3AC's USDC holdings are worth $166M, while its serum holdings are worth nearly $46M. 3AC had huge investments in the recently crashed terra network. Hence, it is facing huge capital loss following the crash of the LUNA and UST tokens.

The fund has yet to release any official statement regarding its insolvency issues. Instead, the fund's founder, Su Zhu, only said, "we are discussing with relevant stakeholders. We remain committed to getting the company out of this issue."

The price of Lido stETH drops again

With crypto companies swapping their stETH continuously, stETH's price dropped again on Friday morning. Our data shows that lido staked ETH is down 1.47 percent in the last 24 hours and trades at $1,035.29. Hence, the stETH-eth ratio also reduced within the same period. It is now 0.93.



BUSINESS ETH STAKED ETHEREUM STETH

PAUL ADE

Paul is a cryptocurrency enthusiast from Canada, and since 2021 he has been writing about cryptocurrency for online news portals. He writes mostly news-related articles. Stay tuned to his posts to stay up to date with the crypto world.

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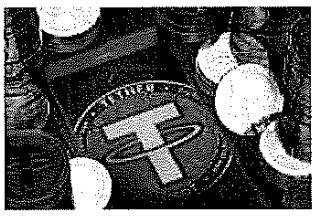

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SINGAPORE TITLES AUTOMATED REGISTRATION SYSTEM
(S T A R S)

1025

Lot Number	: MK16-99900N
Property Address	: 25 YARWOOD AVENUE SINGAPORE 587997
Lot Area	: 2960.1 SqM
Final Plan	: CP 8540
Approved On	: 06/11/1950
State Title Tenure	: LEASEHOLD ESTATE
Lease Duration	: 999 Years
Commencement Date	: 26/03/1885
State Title Expiry Date	: 25/03/2884
State Title No	: LEASE 5095
State Title Date	: 21/12/1951
Title Document Number	: CT VOL 236 FOL 104
Title Document Status	: LIVE
Share Comprised in Title Document	: Whole
Instrument Nature	: TRANSFER
Instrument Number	: IH/101348P
Last Contract Date	: 15/12/2021
Share in Land Transferred	: Whole
Known Encroachment	: No

CAUTION:
Information on share in land transferred may not be conclusive due to amalgamation and subdivision of land etc. If you need to verify further, you can request for a copy of the instrument shown in the printout from this portal. Where the “Known Encroachment” indicator is “Yes”, please check that you have both the title and encroachment information printouts.

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[b] Data on the cor-relation of the property address to the lot is not administered by the Commissioner of Lands, Registrar of Titles and Chief Surveyor and therefore they are not responsible for the incorrect cor-relation (if any).

==========

Certificate of Title
Volume 236 Folio 104

Ref No : C/17528

PAGE 1
Edition 1
Number of Updates 0
dated 10 MAR 2022

This is to certify that the person described as proprietor hereto is the registered proprietor of the estate in the land hereinafter described SUBJECT to any subsisting exceptions, reservations, covenants and conditions contained or implied in the undermentioned State Title and SUBJECT also to the encumbrances and interests registered or notified in this folio and section 46 of the Land Titles Act.

========== ESTATE AND LAND DESCRIPTION ==========

Land Tenure : LEASEHOLD ESTATE
Lease Duration : 999 Years
Commencement Date : 26/03/1885
State Title Expiry Date : 25/03/2884
State Title No : LEASE 5095
State Title Date : 21/12/1951

Lot No	Area(Sq M)	*Certified Plan No	Area Type
MK16-99900N	2960.1	CP 8540	--

*Plan filed in Chief Surveyor's Office

Certificate of Title
Volume 236 Folio 104

Ref No : C/17528

PAGE 2
Edition 1
Number of Updates 0
dated 10 MAR 2022

PARTICULARS OF PROPRIETOR AND ADDRESS

JOINT TENANTS

Capacity :IN TRUST

ID No :S8776088Z
Name :ZHU SU
Address :26 BALMORAL ROAD
SINGAPORE 259827
Citizen of / Place Incorpd :SINGAPORE
Instrument :TRANSFER IH/101348P Registered on 10/03/2022

ID No :S8785902I
Name :TAO YAQIONG
Address :26 BALMORAL ROAD
SINGAPORE 259827
Citizen of / Place Incorpd :SINGAPORE
Instrument :TRANSFER IH/101348P Registered on 10/03/2022

MEMORIAL

Nil

Certificate of Title
Volume 236 Folio 104

Ref No : C/17528

PAGE 3
Edition 1
Number of Updates 0
dated 10 MAR 2022

========== CAUTION ==========

Nil

========== NOTICE ==========

Nil

========== ORDER OF COURT ==========

Nil

========== INTEREST/ENCUMBRANCE ==========

Subject to the RESTRICTIVE COVENANTS contained in/referred to in Volume 2175 Number 151 registered in the Register of Deeds

========== PUBLIC INSPECTION AND SEARCH ==========

The information contained in this Certificate of Title forms part of the public records available for inspection and search by members of the public upon payment of a fee.

========== POST REGISTRATION ==========

Nil

========== PENDING INSTRUMENTS ==========

Nil

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Certificate of Title
Volume 236 Folio 104

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========== CERTIFICATION ==========

This Certificate of Title was embodied in the land-register on 12 MAY 1981

REGISTRAR OF TITLES
SINGAPORE

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THE STRAITS TIMES

FOR SUBSCRIBERS

Crypto billionaire Zhu Su's good class bungalows may be up for sale after collapse of Three Arrows

Mr Zhu Su, the co-founder of Three Arrows Capital, and his family own at least two GCBs here. PHOTO: ZHU SU/LINKEDIN

Grace Leong
Senior Business Correspondent

UPDATED 47 MINS AGO

SINGAPORE - The market is pondering the fate of at least two good class bungalows (GCBs) belonging to crypto billionaire Zhu Su and his family.

Market sources who are familiar with the GCB sector say that at least one property may be put up for sale in the aftermath of the collapse of his high-profile crypto hedge fund.

One well-placed GCB agent told The Straits Times that he was recently approached to sell the property but had turned the deal down.

According to documents seen by ST, Mr Zhu, the co-founder of Three Arrows Capital, and his family own at least two GCBs here - one in Dalvey Road and another in Yarwood Avenue. They are understood to be residing in a strata landed home owned by Mr Zhu in the Balmoral Road area.

The Singapore-based firm was reportedly served a liquidation order on Monday (June 27) by a court in the British Virgin Islands after it failed to make payments on its loans.

ST understands that the top priority for New York-based advisory firm Teneo, which is handling Three Arrows' liquidation, is to discharge its duties in accordance with the terms of the liquidation order and protect the assets of the company. Creditors and parties with information pertaining to Three Arrows can visit this website.

Three Arrows was also reprimanded by the Monetary Authority of Singapore on Thursday for providing false information and exceeding the assets under management threshold allowed for a registered fund management company.

Crypto broker Voyager Digital issued the firm with a default notice on Monday after it failed to make payments on a loan of 15,250 bitcoins (worth about US$324 million or S$451.4 million) and US$350 million worth of USDC, a stablecoin.

Three Arrows' financial woes have stoked speculation that Mr Zhu's GCBs may be up for sale. But sources in the GCB market said that while they have heard the market rumours, they were unable to confirm the details.

Also fuelling the speculation is a text message circulating among property agents claiming that "there is a very urgent sale in the market for a GCB in Yarwood right now" and the owners want "to sell fast".

The property "transacted last year at $48.8M ($1,532 psf)", it added.

But ST is unable to verify the source and authenticity of the message.

When contacted on Thursday, Mr Zhu's property agent declined to comment. Attempts to reach Mr Zhu, including through his agent, were unsuccessful.

According to documents, the Dalvey Road bungalow, which sits on a 15,565 sq ft site, was purchased under the name of his wife, Ms Tao Yaqiong, in September 2020 for $28.5 million, which works out to $1,831 per sq ft (psf) for the land area.

The bungalow in Yarwood Avenue, which sits on a 31,854 sq ft 999-year leasehold site in the Kilburn Estate GCB area, was purchased under a trust arrangement by the 35-year-old couple for $48.8 million, which works out to $1,532 psf. The purchase was completed in March this year.

Mr Zhu and his wife were granted an option in December last year to buy the Yarwood property as trustee for a nearly three-year-old child, according to The Business Times.

Mr Karamjit Singh, chief executive of property investment sales firm Delasa, pointed out that "those selling a property within three years of purchase will be subject to seller's stamp duty (SSD), which in this case, could be 12 per cent SSD, if sold within the first year".

MORE ON THIS TOPIC

Blockchain.com cooperating with investigations into Three Arrows

Crypto firm Three Arrows Capital faces MAS censure for giving false info, exceeding AUM limit

Mr Zhu and his partner Kyle Davies, both former traders for Credit Suisse Group, started Three Arrows at the kitchen table of their apartment in 2012. At the firm's height, they were among the world's biggest crypto holders with a portfolio worth billions of dollars.

In April, Mr Zhu said the fund was planning to move its headquarters to Dubai from Singapore. This was as Dubai opened to crypto firms, while Singapore turned more conservative with its regulatory approach.

Last week, MAS chief fintech officer Sopnendu Mohanty, in an interview with the Financial Times, said the authorities here will be "brutal and unrelentingly hard" on bad behaviour in the crypto industry.

Mr Mohanty was speaking as South Korean prosecutors narrowed in on Singapore-based Terraform Labs, the company behind the collapsed stablecoin TerraUSD and its twin token Luna.

In the aftermath of Luna's US$40 billion wipe-out, Three Arrows was also plunged into a crisis after failing to meet margin calls.

MORE ON THIS TOPIC

Crypto market-maker Genesis latest to be hit by Three Arrows' woes

Crypto crash: What's causing the rout in cryptocurrencies?

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The Insolvency Act 2003
The Insolvency Rules 2005

Form B14A

Originating Application for Appointment of Joint Liquidators (Company)

Rule 14

The Eastern Caribbean Supreme Court In the High Court of Justice	
Matter No:	BVIHC(COM) 2022/
Applicant:	DRB Panama Inc.
Respondent:	Three Arrows Capital Ltd

In the matter of

Three Arrows Capital Ltd (company number 1710531)

For Court Use Only

This application will be heard by the Master/Judge at

On 2022 at o'clock.

If you do not attend at the time shown the Court may make an order in your absence.

We, Ogier of Ritter House, Wickhams Cay II, PO Box 3170, Road Town, Tortola, British Virgin Islands, on behalf of DRB Panama Inc. (the "**Applicant**") intend to apply for an order under sections 159(1)(a) and 162(1)(a) of the Insolvency Act 2003 (the "**Insolvency Act**") for an order that:

1 Three Arrows Capital Ltd (the "**Company**") be liquidated by the Court in accordance with the provisions of the Insolvency Act;

2 Russell Crumpler and Christopher Farmer of Teneo (BVI) Limited, 3rd Floor, Banco Popular Building, Road Town, Tortola, VG-1110, British Virgin Islands be appointed as joint liquidators of the Company (together, the "**Joint Liquidators**");

3 The Joint Liquidators may exercise all those powers set out in section 186 and Schedule 2 of the Insolvency Act 2003 as set out in the annex to the Order;

106-6035050-1

4 The costs of the liquidation, including the proper fees and disbursements of the Joint Liquidators, be paid out of the assets of the Company in priority to all other claims; and

5 The Applicant's costs of the Application be costs in the liquidation.

A draft of the order sought is attached.

The grounds upon which we seek the order are more fully set out in the supporting affidavit of Jos van Griensven sworn on 24 June 2022. In brief the grounds are:

Insolvency of the Company

1. The Company is incorporated in the BVI. Its founders are Su Zhu and Kyle Davies.

2. The registered office of the Company is at ABM Corporate Services, Ltd., 1st Floor, Columbus Centre, P.O. Box 2283, Road Town, Tortola, British Virgin Islands, VG1110.

3. This application is made by the Applicants in their capacity as a creditor of the Company.

4. The Company is a prominent cryptocurrency hedge fund that operates out of Singapore.

5. The Company is a customer of and holds a trading account with the Applicant (the "**Account**"), who operates a cryptocurrency derivatives exchange. The Account is held pursuant to a Non-Liquidating Account Agreement dated 30 March 2020.

6. In addition to the Account, the Company has entered into a Loan Agreement dated 31 March 2020 with the Applicant whereby it has borrowed Bitcoin and Ether.

7. On 11 June 2022, the Company breached margin requirements under the Non-Liquidating Account Agreement and minimum account balances under the Loan Agreement.

8. On 13 June 2022, the Applicant began to liquidate the Account on the Company's instructions and pursuant to the Non-Liquidating Account Agreement.

9. On 15 June 2022, the Applicant terminated the Loan Agreement, requested payment of the outstanding loans, and also payment of the shortfall in the negative asset value of the Account.

10. As at 20 June 2022, the amount outstanding, due and payable by the Company to the Applicant is the sum of US$80,134,745.77, comprised of:

    a. the principal amount of 1,300 Bitcoin and 15,000 Ether under the Loan Agreement (equating to US$42,252,850);

    b. interest at 2.5% per annum in the amount of 7.2123 Bitcoin and 83.2192 Ether (equating to US$234,416.50);

    c. Interest at 0.15% per day in the amount of 14.3923 Bitcoin and 182.5083 Ether (equating to US$484,862.47); and

    d. negative asset value in the Account of 997.3101 Bitcoin and 15,911.1270 Ether (equating US$37,162,616.80).

11. For the reasons set above, and more fully in the affidavit of Jos van Griensven, the Company is or is likely to become unable to pay its debts as they fall due, and is therefore insolvent. Accordingly, the Applicant makes this application for the appointment of the Joint Liquidators as joint liquidators of the Company under section 162(1)(a) of the Act.

12. To the best of the Applicant's knowledge and belief, the proposed Joint Liquidators are eligible to act as Insolvency Practitioners in relation to the Company.

13. In the circumstances the Company should be wound up on the terms of the draft order appended to this application.

The names and addresses of the persons on whom it is intended to serve the application are as follows:

Three Arrows Capital Ltd
c/o ABM Corporate Services, Ltd.
1st Floor, Columbus Centre
P.O. Box 2283, Road Town, Tortola
British Virgin Islands, VG1110.

The names and addresses of the persons required to be given notice of this application pursuant to the Act and the Rules (if any) are as follows:

Three Arrows Capital Ltd
c/o ABM Corporate Services, Ltd.
1st Floor, Columbus Centre
P.O. Box 2283, Road Town, Tortola
British Virgin Islands, VG1110.

This application is filed by Ogier, the legal Practitioners for the Applicant whose address for service is Ritter House, Wickhams Cay II, PO Box 3170, Road Town, Tortola, British Virgin Islands (Tel: +1 (284) 494 0525; Fax: +1 (284) 494 0883; Ref: JVD/MRN/503164.00001).

Signed: …….
Justin Davis
For and on behalf of Ogier

Dated: 24 June 2022

The Insolvency Act 2003
The Insolvency Rules 2005

Form R14A

Ordinary Application
(Company)

Rule 14

The Eastern Caribbean Supreme Court
In the High Court of Justice
British Virgin Islands
Claim No. BVI HC (Com) 2022/
In the matter of the Insolvency Act, 2003
And in the matter of Three Arrows Capital Ltd

DRB PANAMA INC.

Applicant

-v-

THREE ARROWS CAPITAL LTD

Respondent

APPLICATION FOR THE APPOINTMENT OF JOINT LIQUIDATORS OVER THREE ARROWS CAPITAL LTD

Ritter House
Wickham's Cay II
Road Town, Tortola
British Virgin Islands
VG1110
Tel.: +1 284 852 7300
Ref.: JVD/MRN/503164.00001

Legal Practitioners for the Applicant

106-6035050-1

THIS IS THE EXHIBIT MARKED "**RC-13**"

REFERRED TO IN

THE 1ST AFFIDAVIT

OF **RUSSELL CRUMPLER**

AFFIRMED BEFORE ME

IN THE BRITISH VIRGIN ISLANDS

ON

THIS 8th DAY OF July 2022

BEFORE ME

A NOTARY PUBLIC

LORRAINE A. Y. LA ROSE
Notary Public
~~The Virgin Islands~~ *(UK)*
My commission expires: 31st January 2023

NOTARY PUBLIC

VIGILATE NOTARIES
PO Box 2097, Road Town
Tortola, British Virgin Islands
Tel: (284) 345 5800 | www.vigilatenotaries.com

The Insolvency Act 2003
The Insolvency Rules 2005

Form R14B

Ordinary Application for Appointment of Joint Provisional Liquidators (Company)

Rule 14

The Eastern Caribbean Supreme Court In the High Court of Justice	
Matter No:	BVIHC(COM) 2022/
Applicant:	DRB Panama Inc.
Respondent:	Three Arrows Capital Ltd

In the matter of

Three Arrows Capital Ltd (company number 1710531)

For Court Use Only

This application will be heard by the Master/Judge at

On 2022 at o'clock.

If you do not attend at the time shown the Court may make an order in your absence.

We, Ogier of Ritter House, Wickhams Cay II, PO Box 3170, Road Town, Tortola, British Virgin Islands, on behalf of DRB Panama Inc. (the "**Applicant**") intend to apply for an order:

1. under section 170(1) of the Insolvency Act, 2003 (the "**Insolvency Act**") for Joint Provisional Liquidators to be appointed over Three Arrows Capital Ltd (the "**Company**");

2. that Russell Crumpler and Christopher Farmer of Teneo (BVI) Limited, 3rd Floor, Banco Popular Building, Road Town, Tortola, VG-1110, British Virgin Islands be appointed as joint provisional liquidators (together, the "**JPLs**") of the Company;

3. that the JPLs may exercise all those powers set out in section 186 and Schedule 2 of the Insolvency Act 2003 as set out in the Order to the extent necessary to maintain the value of the assets owned or managed by the Company or to carry out such functions as the Court considers fit;

4. the costs of the liquidation, including the proper fees and disbursements of the Provisional Liquidators, be paid out of the assets of the Company in priority to all other claims; and

5. the Applicant's costs of this Application be costs in the provisional liquidation.

A draft of the order sought is attached.

The grounds upon which we seek the order are more fully set out in the supporting affidavit of Jos van Griensven sworn on 24 June 2022. In brief the grounds are:

Insolvency of the Company

1. The Company is incorporated in the BVI. Its founders are Su Zhu and Kyle Davies.

2. The registered office of the Company is at ABM Corporate Services, Ltd., 1st Floor, Columbus Centre, P.O. Box 2283, Road Town, Tortola, British Virgin Islands, VG1110.

3. An application for the appointment of Joint Liquidators of the Company was filed on 24 June 2022. The application was made by the Applicants in their capacity as a creditor of the Company.

4. The Company is a prominent cryptocurrency hedge fund that operates out of Singapore.

5. The Company is a customer of and holds a trading account with the Applicant (the "**Account**"), who operates a cryptocurrency derivatives exchange. The Account is held pursuant to a Non-Liquidating Account Agreement dated 30 March 2020.

6. In addition to the Account, the Company has entered into a Loan Agreement dated 31 March 2020 with the Applicant whereby it has borrowed Bitcoin and Ether.

7. On 11 June 2022, the Company breached margin requirements under the Non-Liquidating Account Agreement and minimum account balances under the Loan Agreement.

8. On 13 June 2022, the Applicant began to liquidate the Account on the Company's instructions and pursuant to the Non-Liquidating Account Agreement.

9. On 15 June 2022, the Applicant terminated the Loan Agreement, requested payment of the outstanding loans, and also payment of the shortfall in the negative asset value of the Account.

10. As at 20 June 2022, the amount outstanding, due and payable by the Company to the Applicant is the sum of US$80,134,745.77, comprised of:

    (a) the principal amount of 1,300 Bitcoin and 15,000 Ether under the Loan Agreement (equating to US$42,252,850);

    (b) interest at 2.5% per annum in the amount of 7.2123 Bitcoin and 83.2192 Ether (equating to US$234,416.50);

    (c) interest at 0.15% per day in the amount of 14.3923 Bitcoin and 182.5083 Ether (equating to US$484,862.47); and

    (d) negative asset value in the Account of 997.3101 Bitcoin and 15,911.1270 Ether (equating US$37,162,616.80).

Need for Provisional Liquidation

11. On 17 June 2022, the Financial Times, the Wall Street Journal and Fortune reported that the Company has failed to meet margin calls from lenders and that lenders were liquidating the Company's positions. The Wall Street Journal has reported that the Company has hired legal and financial advisers to help work out a solution for its investors and lenders, and that the Company is exploring options, including asset sales and a rescue by another firm.

12. In addition to the amount outstanding to the Applicant, based on news reports, the Company owes approximately US$660 million to Voyager Digital LLC as well as monies to cryptocurrency platforms such as BlockFi and 8 Blocks Capital.

13. As at the time of filing this application, despite attempts, the Company has not engaged in any meaningful communication with the Applicant, or it appears, other creditors. On 17 June 2022, Fortune reported a statement from Danny Yuan, the chief executive officer of cryptocurrency trading firm 8 Blocks Capital that *"[w]hat we have learned is that they were leveraged long everywhere and were getting margin called... instead of answering the margin calls, they ghosted everyone. The platforms had no choice but to liquidate their positions, causing the markets to further dump"*.

14. It appears from an article dated 17 June 2022 from Crypto News Flash that the Company has been selling its cryptocurrency holdings in order to pay off its outstanding loans and debts.

15. The Applicant has checked wallet addresses for the Company, but is unable to identify where the Company's funds have gone and for what purposes the Company's funds have been transferred. It appears that at least US$31.6 million has been transferred to a wallet address of Tai Ping Shan Limited, a Cayman Islands company indirectly owned by Su Zhu and the partner of Kyle Davies, Kelly Lailii Chen; the Applicant has been unable to identify where these funds subsequently went.

16. The Applicant has no real visibility as to the Company's assets and liabilities, the extent to which the Company is selling its cryptocurrency holdings, for what purpose it is currently selling those holdings, whether the money is being used to repay some of the Company's creditors and not others, or whether the Company is continuing to trade cryptocurrency, potentially to the detriment of its creditors. The Applicant is concerned that the Company's actions will permanently damage the value of the Company's remaining assets.

17. As matters currently stand, the Company is unable to pay the amount of US$80,134,745.77 outstanding to the Applicant, in addition to unspecified amounts outstanding to other Creditors.

18. There is great urgency that provisional liquidators are appointed because the position of the Applicant and other creditors of the Company must be protected in circumstances where the Company is not communicating with its creditors and where there is no visibility as to how the Company is dealing with its assets. Further, there is no reason to delay the Company entering into liquidation or reason for the Company to not enter into provisional liquidation in that:

    (a) It is not envisaged that any other party (or creditor) will suffer any relevant prejudice through the Company entering into provisional liquidation; and

    (b) Provisional liquidators are required to take control of the Company in order, amongst other things, to ensure that creditors are treated equally.

19. For the reasons set above, and more fully in the affidavit of Jos van Griensven, the Company is or is likely to become unable to pay its debts.

Accordingly, the Company could be liable to have liquidators appointed pursuant to the Insolvency Act, 2003.

20. The Applicant needs the assistance of this Court in appointing joint provisional liquidators to maintain the value of the assets owned or managed by the Company.

21. To the best of the Applicant's knowledge and belief, the proposed JPLs are eligible to act as Insolvency Practitioners in relation to the Company.

The names and addresses of the persons on whom it is intended to serve the application are as follows:

Three Arrows Capital Ltd
c/o ABM Corporate Services, Ltd.
1st Floor, Columbus Centre
P.O. Box 2283, Road Town, Tortola
British Virgin Islands, VG1110.

The names and addresses of the persons required to be given notice of this application pursuant to the Act and the Rules (if any) are as follows:

Three Arrows Capital Ltd
c/o ABM Corporate Services, Ltd.
1st Floor, Columbus Centre
P.O. Box 2283, Road Town, Tortola
British Virgin Islands, VG1110.

This application is filed by Ogier, the legal Practitioners for the Applicant whose address for service is Ritter House, Wickhams Cay II, PO Box 3170, Road Town, Tortola, British Virgin Islands (Tel: +1 (284) 494 0525; Fax: +1 (284) 494 0883; Ref: JVD/MRN/503164.00001).

Signed: …….
Justin Davis
For and on behalf of Ogier

Dated: 24 June 2022

106-6034923-1

The Insolvency Act 2003
The Insolvency Rules 2005

Form R14B

Ordinary Application
(Company)

Rule 14

The Eastern Caribbean Supreme Court
In the High Court of Justice
British Virgin Islands
Claim No. BVI HC (Com) 2022/
In the matter of the Insolvency Act, 2003
And in the matter of Three Arrows Capital Ltd

DRB PANAMA INC.

Applicant

-v-

THREE ARROWS CAPITAL LTD

Respondent

APPLICATION FOR THE APPOINTMENT OF JOINT PROVISIONAL LIQUIDATORS OVER THREE ARROWS CAPITAL LTD

Ritter House
Wickham's Cay II
Road Town, Tortola
British Virgin Islands
VG1110
Tel.: +1 284 852 7300
Ref.: JVD/MRN/503164.00001

Legal Practitioners for the Applicant

106-6034923-1

THIS IS THE EXHIBIT MARKED "**RC-14**"

REFERRED TO IN

THE 1ST AFFIDAVIT

OF **RUSSELL CRUMPLER**

AFFIRMED BEFORE ME

IN THE BRITISH VIRGIN ISLANDS

ON

THIS 8 DAY OF July 2022

BEFORE ME

A NOTARY PUBLIC

LORRAINE A. Y. LA ROSE
Notary Public
The Virgin Islands *(UK)*
My commission expires: 31st January 2023

NOTARY PUBLIC

VIGILATE NOTARIES
PO Box 2097, Road Town
Tortola, British Virgin Islands
Tel: (284) 345 5800 | www.vigilatenotaries.com

The Insolvency Act 2003
The Insolvency Rules 2005

Form R14A

Originating Application (Company)

Rule 14

In The Eastern Caribbean Supreme Court In the High Court of Justice (Commercial Division)	
Matter No:	**BVIHC(COM)**
Applicant:	**Three Arrows Capital, Ltd (Co Number 1710531)**
Respondent:	**N/A**

IN THE MATTER OF THREE ARROWS CAPITAL, LTD
AND
SECTIONS 159(1)(a) and 162(1)(a) and 162(1)(b) OF THE INSOLVENCY ACT, 2003 (AS AMENDED)

For Court use only

The Application heard by Master/Judge at on the day of 2022 at o'clock at a time specified in the Final Court List for the Commercial Division of the period in questions. If you do not attend at the time shown the Court may make an order in your absence.

We Bedell Cristin BVI Partnership, Mandar House, Johnson's Ghut Road Town, British Virgin Islands, on behalf of the Applicant, **Three Arrows Capital, Ltd**

Apply to the Court pursuant to Sections 159(1)(a) and 162(1)(a) and/or 162(1)(b) of the BVI Insolvency Act 2003 *(as amended) ("**the Act**") for an order that:*

1. The hearing of this application shall be on an ex parte basis pursuant to Insolvency Rule 21
2. Advertisement of the Application shall be dispensed with pursuant to section 165 of the Act.

3. Ms Charlotte Caulfield and Mr Paul Prelove of Kalo (BVI) Limited, PO Box 4571, 4th Floor, LM Business Centre, Fish Lock Road, Road Town, Tortola, British Virgin Islands, licensed insolvency practitioners in the Act, be appointed as the Joint Liquidators of the Company with power to act Jointly and/or Severally ("**the Proposed Joint Liquidators**").
4. The Proposed Liquidators be given the powers necessary to carry out the functions and duties of the liquidator under Schedule 2 of the Act and more particularly set out in the draft Order.
5. The costs of the Proposed Liquidators to be paid out the Company's assets with the priority prescribed by Rule 199 of the Insolvency Rules 2005.
6. The Proposed Liquidators may draw down 80% of their fees and 100% of their expenses subject to any Order of the Court and the Joint Liquidators may apply to have their remuneration, costs and expenses to be fixed by the court.
7. Any further relief as the Court considers appropriate.

A draft of the order sought is attached.

The application is supported by the First Affidavit of Robert Gardner sworn on 27 June 2022 and the signed but unsworn First Affidavit of Kyle Livingstone Davies and exhibit KLD1.

The grounds upon which the order is sought may be summarised as follows:

1. The Company incorporated on 3 May 2012 and exists under the laws of the BVI, company number 1710531, with registered office and address for service at c/o ABM Corporate Services Ltd 1st Floor, Columbus Centre, PO BOX 2283 Road Town, Tortola, VG1110. British Virgin Islands.

2. The Company is a Professional Fund within the definition of the Securities and Investment Business Act 2010. The Company is in the business of investments and short-

term opportunities trading The Company invested heavily in cryptocurrency funded by borrowings.

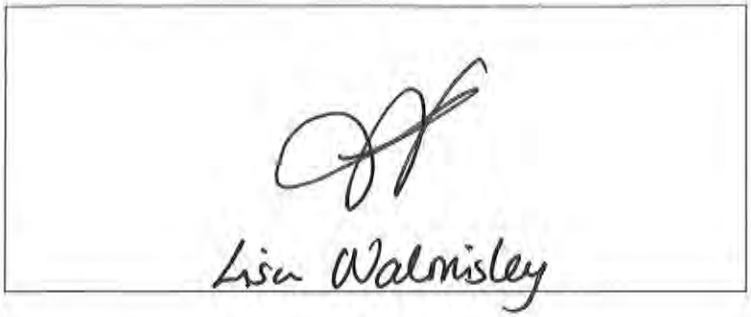
3. The recent fluctuations in the value of cryptocurrency have resulted in the company being in default of its loan obligations and the Company has been served with notices of default form a number of its lenders. On 22 June 2022 the Company was served with a statutory demand Bitget Singapore Pte Ltd for approximately $10 million. The Company is unable to comply with that statutory demand.
4. The shareholders and Directors, some of whom are also creditors of the Company were made aware that creditors were seeking to preserve their own positions perhaps to the detriment of other creditors. The managers of sub-funds have erroneously been using the assets of the fund as if they were the assets of the sub-funds and not the funds to the causing the Company financial damage.
5. The Directors and Shareholders of the Company therefore wish to act without delay to preserve the assets of the Company.
6. In light of the above and the matters more fully set out in evidence in support of this Application, the Company is insolvent within the meaning of the relevant provisions of the Act and hereby applies for the appointment of the Proposed Joint Liquidators pursuant to sections 159(1)(a) and 162(1)(a) of the Act. In the alternative, the Company considers that it is just and equitable the Company be would up and Proposed Liquidators appointed pursuant to Sections 159(1)(a) and 162(1)(b) of the Act.
7. To the best of the Company's knowledge and belief, the Proposed Joint Liquidators are eligible to act as insolvency practitioners in relation to the Company and have consented to do so.

The names and addresses of the persons on whom it is intended to service the application are as follows:

It is not intended to serve the application on any person.

The names and address of any persons required to be given notice of this application pursuant to the Act and the Rules (if any) are as follows:-

NONE



Legal Practitioners of the Applicant

Dated: 27/6/2022

The Court Office is located in the Registry of the High Court, 2nd Floor of the SAKAL Building, Wickam's Cay, PO Box 418, Road Town, Tortola, British Virgin Islands,
Telephone Number: +284 468-5001 or +294 468 4909. Email: supremecourt@gov.vg or commercialdivision@gov.vg. The Court Office is open between 9.00am and 3.00pm Monday to Friday except public holidays.

THE EASTERN CARRIBEAN SUPREME COURT
IN THE HIGH COURT OF JUSTICE
COMMERCIAL DIVISION
VIRGIN ISLANDS

CLAIM NUMBER BVICH (COM) of 2022

IN THE MATTER OF THREE ARROWS CAPITAL, LTD

And

Sections 159(1)(a) AND 162(1)(a) and (b)
OF THE INSOLVENCY ACT, 2003 (AS AMENDED)

THE INSOLVENCY ACT 2003
THE INSOLVENCY RULES 2005
ORIGINATING APPLICATION
(COMPANY)

BEDELL
CRISTIN

Legal Practitioners for the Applicant

Mandar House, Johnson's Ghut,

PO Box 2283, Road Town,

Tortola, British Virgin Islands,

Tel: +1 284 495 5700

lisa.walmisley@bedellcristin.com

Ref: LW/EF/139480.0001

THIS IS THE EXHIBIT MARKED "**RC-15**"

REFERRED TO IN

THE 1ST AFFIDAVIT

OF **RUSSELL CRUMPLER**

AFFIRMED BEFORE ME

IN THE BRITISH VIRGIN ISLANDS

ON

THIS 8th DAY OF July 2022

BEFORE ME

A NOTARY PUBLIC

LORRAINE A. Y. LA ROSE
Notary Public
~~The Virgin Islands~~ *(UK)*
My commission expires: 31st January 2023

NOTARY PUBLIC

VIGILATE NOTARIES
PO Box 2097, Road Town
Tortola, British Virgin Islands
Tel: (284) 345 5800 | www.vigilatenotaries.com

CLAIM NO. BVIHC (COM) 2022/0119

IN THE MATTER OF THREE ARROWS CAPITAL LTD

AND IN THE MATTER OF SECTIONS 159(1) AND 162(1)(a) AND (b) OF THE INSOLVENCY ACT 2003

BETWEEN:

THREE ARROWS CAPITAL LTD

APPLICANT

CLAIM NO. BVIHC (COM) 2022/0117

IN THE MATTER OF THREE ARROWS CAPITAL LTD

AND IN THE MATTER OF SECTIONS 159(1) AND 162(1)(a) INSOLVENCY ACT 2003

BETWEEN:

DRB PANAMA INC.

APPLICANT

-V-

THREE ARROWS CAPITAL LTD

RESPONDENT

ORDER

BEFORE The Honourable Mr Justice Jack
DATED 27 June 2022
ENTERED 29 June 2022

UPON the Application of **Three Arrows Capital Ltd** (the "**119 Applicant**", the "**Company**"), a company, for the appointment of Joint Liquidators dated 27 June 2022 coming on for hearing in BVIHC(COM)2022/0119 (the "**TAC Application**")

AND UPON the Court noting that an application filed by a creditor of the Company, DRB Panama Inc ("**DRB**"), to appoint Joint Provisional Liquidators and thereafter Liquidators had been filed on 24 June 2022 in Claim BVIHC(COM)2022/0117, supported by the First Affidavit of Jos van Griensven sworn on 24 June 2022 and the exhibit "JVG-1" thereto (the "**DRB Application**")

AND UPON READING the First Affidavit of Robert Gardner sworn on 27 June 2022 and the First Unsworn Affidavit of Kyle Livingston Davies and Exhibit "KD-1" and the First Affidavit of Edmond Fung sworn on 27 June 2022 and the exhibit thereto, in support of the TAC Application.

AND UPON the Court being satisfied that there is no party on whom the Company is required to serve the TAC Application and therefore the TAC Application should be heard urgently *ex parte* pursuant to Insolvency Rule 21

AND UPON NOTING the written Resolution of the shareholders of the Company to the making of this Application and the written resolution of the Company dated 26 June 2022

AND UPON READING the affidavits of Nima H Mohebbi and Charles McGarraugh, filed in support of the DRB Application.

AND UPON NOTING the two creditors of the Company, Chen Kaili Kelly and Zhu Su and the evidence in respect of debts owed to each of them

AND UPON NOTING the supporting creditors in the DRB Application

AND UPON NOTING that neither the Company nor DRB opposed the appointment of Joint Liquidators in principle and that the only matter to be determined at the hearing is the identity of the joint liquidators

AND UPON NOTING that the Court had power under CPR 26.1(2)(b) and/or its inherent jurisdiction to consolidate BVIHC(COM)2022/0119 and BVIHC(COM)2022/0117

AND UPON hearing Lisa Walmisley for the Company, Grant Carroll, Counsel for the applicant in the DRB Application and Callum McNeil, for a supporting creditor in the DRB Application.

IT IS ORDERED that:

1. Claims BVIHC(COM)2022/0119 and BVIHC(COM)2022/0117 shall be consolidated under Claim No: BVIHC(COM)2022/0119.

2. Russell Crumpler and Christopher Farmer of Teneo (BVI) Limited, 3rd Floor, Banco Popular Building, Road Town, Tortola, VG-1110, British Virgin Islands be appointed as joint liquidators of the Company as at 15.10 (together, the "**Liquidators**" or "**Joint Liquidators**") with the power to act jointly or severally.

3. The DRB Applicant shall file a pro-forma application in BVIHC(COM)2022/0119 for the appointment of the Liquidators as joint liquidators of the Company.

4. The Liquidators may exercise all those powers set out in section 186 and Schedule 2 of the Insolvency Act 2003 and as set out in the annex to this Order.

5. The Joint Liquidators shall, at the date of this Order have sanction to:

(a) commence, continue, discontinue or defend any claim, action or legal proceeding in the United States of America ("**US**") as they see fit;
(b) commence proceedings pursuant to Chapter 15 of US Bankruptcy Code as they deem appropriate; and
(c) seek recognition of this order in any jurisdiction as the Joint Liquidators may deem appropriate.

6. Pursuant to section 165 of the Insolvency Act 2003, advertisement of the TAC Application is dispensed with;

7. The Liquidators shall advertise notice of their appointment in the BVI Gazette;

8. In order to safeguard the value of the Company's assets from market volatility, the Joint Liquidators shall be entitled to convert any cryptocurrencies into US dollars or into USD coin (USDC) or Tether (USDT), being cryptocurrencies pegged to the US dollar, as they see fit.

9. The costs of the liquidation, including the proper fees and disbursements of the Liquidators, be paid out of the assets of the Company in priority to all other claims.

10. The Liquidators may draw down payments on account of their remuneration, expenses and disbursements from time to time at a rate of 80% of their time costs and 100% of their expenses and disbursements, subject to these being subsequently approved by the Court, and in the event that such sums are not approved, the unapproved sums be prepaid to the estate within 7 days

11. The costs of the TAC Application and the DRB Application (including those of supporting creditors) shall be paid as an expense in the liquidation.

BY ORDER OF THE COURT

Dep. ~~THE~~ REGISTRAR

ANNEX 1

Schedule 2 of Insolvency Act 2003

POWERS OF LIQUIDATOR

(Section 186)

WITH SANCTION OF THE COURT

1 Power to pay any class of creditors in full.

2 Power to make a compromise or arrangement with creditors or persons claiming to be creditors, or having or alleging that they have any claim against the Company, whether present or future, certain or contingent, ascertained or not.

3 Power to compromise, on such terms as may be agreed

(a) calls and liabilities to calls, debts and liabilities capable of resulting in debts, and claims, whether present or future, certain or contingent, ascertained or not, subsisting or supposed to subsist between the Company and any person; and

(b) questions in any way relating to or affecting the assets or the liquidation of the Company;

and take security for the discharge of any such call, debt, liability or claim and give a complete discharge in respect of it.

4 Power to commence, continue or defend any action or other legal proceedings in the name and on behalf of the Company.

WITHOUT SANCTION OF THE COURT

5 Power to carry on the business of the Company so far as may be necessary for its beneficial liquidation.

6 Power to sell or otherwise dispose of property of the Company.

7 Power to do all acts and execute, in the name and on behalf of the Company, any deeds, receipts or other document.

8 Power to use the Company's seal.

9 Power to prove, rank and claim in the bankruptcy, liquidation, insolvency or sequestration of any member or past member for any balance against his estate, and to receive dividends, in the bankruptcy, liquidation, insolvency, sequestration or in respect of that balance, as a separate debt due from the bankruptcy or insolvent, and rateably with the other separate creditors.

10 Power to draw, accept, make and endorse any bill of exchange or promissory note in the name and on behalf of the Company with the same effect with respect to the Company's liability as if the bill or note had been drawn, accepted, made or indorsed by or on behalf of the Company in the course of its business.

11 Power to borrow money, whether on the security of the assets of the Company or otherwise.

12 Power to take out in his official name letters of administration to any deceased member or past member or debtor, and to do any other act necessary for obtaining payment of any money due from a member or past member or debtor, or his estate, that cannot conveniently be done in the name of the Company.

For the purpose of enabling the liquidator to take out letters of administration or do any other act under this paragraph, to be due to the liquidator himself.

13 Power to call meetings of creditors or members for

(a) the purpose of informing creditors or members concerning the progress of or matters arising in the liquidation;

(b) the purpose of ascertaining the views of creditors or members on any matter arising in the liquidation; or

(c) such other purpose connected with the liquidation as the liquidator considers fit.

14 Power to appoint a solicitor, accountant or other professionally qualified person to assist him in the performance of his duties.

15 Power to appoint an agent to do any business that the liquidator is unable to do himself, or which can be more conveniently done by an agent.

CLAIM NO. BVIHC (COM) 2022/0119

IN THE MATTER OF THE
INSOLVENCY ACT 2003
IN THE MATTER OF THREE
ARROWS CAPITAL LTD

BETWEEN:

THREE ARROWS CAPITAL LTD

APPLICANT

CLAIM NO. BVIHC (COM) 2022/0117

IN THE MATTER OF THE
INSOLVENCY ACT 2003
IN THE MATTER OF THREE
ARROWS CAPITAL LTD

BETWEEN:

DRB PANAMA INC.

APPLICANT

-V-

THREE ARROWS CAPITAL LTD

RESPONDENT

ORDER

BEDELL
CRISTIN

Legal Practitioners for the Applicant

Mandar House, Johnson's Ghut,

PO Box 2283, Road Town,

Tortola, British Virgin Islands,

Tel: +1 284 495 5700

lisa.walmisley@bedellcristin.com

Ref: LW/139480.0001

THIS IS THE EXHIBIT MARKED "**RC-16**"

REFERRED TO IN

THE 1ST AFFIDAVIT

OF **RUSSELL CRUMPLER**

AFFIRMED BEFORE ME

IN THE BRITISH VIRGIN ISLANDS

ON

THIS 8 DAY OF July 2022

BEFORE ME

A NOTARY PUBLIC

LORRAINE A. Y. LA ROSE
Notary Public
~~The Virgin Islands *(UK)*~~
My commission expires: 31st January 2023

VIGILATE NOTARIES
PO Box 2097, Road Town
Tortola, British Virgin Islands
Tel: (284) 346 5800 | www.vigilatenotaries.com

Letter of Request

TO: The Supreme Court of the Republic of Singapore

WHEREAS

1. This Court is a Court exercising jurisdiction in relation to the liquidation of companies in the British Virgin Islands (the "**BVI**") in connection with the BVI Insolvency Act, 2003 (the "**Act**").

2. Three Arrows Capital Ltd (In Liquidation) (the "**Company**") was incorporated on 3 May 2012 under the laws of the British Virgin Islands with company number 1710531.

3. By order of this Court dated 27 June 2022 ("**Order**"), Russell Crumpler and Christopher Farmer of Teneo (BVI) Limited were appointed as Joint Liquidators of the Company (the "**Liquidators**") with the power to act jointly or severally.

4. An application for the appointment of joint liquidators was made by the Company. Additionally, an application to appoint joint provisional liquidators and thereafter liquidators was made by a creditor of the Company, DRB Panama Inc.

5. Pursuant to the Order, the Liquidators are authorised to exercise all those powers set out in section 186 and Schedule 2 of the Insolvency Act 2003, in the BVI or elsewhere, including the powers specified in Schedule 2 of the Act, namely to:

WITH SANCTION OF THE COURT

(a) To pay any class of creditors in full;

(b) Make a compromise or arrangement with creditors or persons claiming to be creditors, or having or alleging that they have any claim against the Company, whether present or future, certain or contingent, ascertained or not;

(c) Compromise, on such terms as may be agreed;

(i) Calls and liabilities to calls, debts and liabilities capable of resulting in debts, and claims, whether present or future, certain or contingent, ascertained or not, subsisting or supposed to subsist between the Company and any person; and

(ii) Questions in any way relating to or affecting the assets or the liquidation of the Company;

and take security for the discharge of any such call, debt, liability or claim and give a complete discharge in respect of it.

(d) Commence, continue, or defend any action or other legal proceedings in the name and on behalf of the Company.

WITHOUT SANCTION OF THE COURT

(a) Carry on the business of the Company as far as may be necessary for its beneficial liquidation.

(b) To sell or otherwise dispose of property of the Company.

(c) Do all acts and execute, in the name and on behalf of the Company, any deeds, receipts or other document.

(d) Use the Company's seal.

(e) Prove, rank and claim in the bankruptcy, liquidation, insolvency or sequestration of any member or past member for any balance against his estate, and to receive dividends, in the bankruptcy, liquidation, insolvency, sequestration or in respect of that balance, as a separate debt due from the bankruptcy or insolvent, and rateably with the other separate creditors.

(f) Draw, accept, make and endorse any bill of exchange or promissory note in the name and on behalf of the Company with the same effect with respect to the Company's liability as if the bill or note had been drawn, accepted, made or indorsed by or on behalf of the Company in the course of its business.

(g) Borrow money, whether on the security of the assets of the Company or otherwise.

(h) Take out in his official name letters of administration to any deceased member or past member or debtor, and to do any other act necessary for obtaining payment of any money due from a member or past member or debtor, or his estate, that cannot conveniently be done in the name of the Company.

For the purpose of enabling the liquidator to take out letters of administration or do any other act under this paragraph, to be due to the liquidator himself.

(i) Call meeting of creditors or members for:

(i) the purpose of informing creditors or members concerning the progress of or matters arising in the liquidation;

(ii) the purpose of ascertaining the views of creditors or members on any matter arising in the liquidation; or

(iii) such other purpose connected with the liquidation as the liquidator considers fit.

(j) Appoint a solicitor, accountant or other professionally qualified person to assist him in the performance of his duties.

(k) Appoint an agent to do any business that the liquidator is unable to do himself, or which can be more conveniently done by an agent.

6. Based upon the information currently available to the Liquidators:

(a) It is believed that the Company has assets located in Singapore

(b) At least one party, Mirana Corp., has commenced an action against the Company in Singapore, claiming in excess of US$13 million from the Company.

(c) The Company carries out some of its operations from its Singapore office at 7 Temasek Boulevard, #21-04 Suntec Tower 1, Singapore 038987.

7. The Company carries out operations in Singapore, and conducts trading activities from its Singapore office. The Liquidators intend to seek an order for recognition and assistance from the Supreme Court of Singapore in order to enable the Liquidators to:

(a) avoid the need to have continual recourse to the Supreme Court of Singapore;

(b) realise, take possession of and control the Company's assets including any claims that exist;

(c) deal effectively with the creditors, assets and affairs of the Company; and

(d) provide assurance that the Liquidators have full authority to act for, and deal with, the Company and its affairs.

8. The effect of this Order for recognition and assistance, if granted, will be to confirm that the Liquidators have and may exercise such powers: (i) as are available to them under the laws of the BVI; and (ii) as would be available to them under the laws of the Republic of Singapore if they had been appointed as liquidators of the Company under the laws of the Republic of Singapore.

9. In the premises and as a result of the evidence filed in the proceedings, the Liquidators have satisfied the BVI Court that in order to carry out their mandate and discharge their duties, it is just and convenient that this request should be issued accordingly.

THE BVI COURT HEREBY RESPECTFULLY REQUESTS the assistance of the Supreme Court of Singapore with regard to the following matters:

1) **THE BVI COURT** requests the Supreme Court of Singapore to recognise the liquidation of the Company.

2) **THE BVI COURT** requests the Supreme Court of Singapore to recognise the appointment of Russell Crumpler and Christopher Farmer as Joint Liquidators of the Company (the "**Liquidators**")

3) .**THE BVI COURT** requests the Supreme Court of Singapore to recognise the powers of the Liquidators as set out above, as a matter of BVI law and pursuant to the Act, as far as the same would be available to the Liquidators or may be permitted by the relevant laws within your jurisdiction as if they had been appointed the liquidators of the Company under the laws of the Republic of Singapore, including in particular (but without prejudice to the generality of the foregoing), powers to:

WITH SANCTION OF THE COURT

(a) To pay any class of creditors in full;

(b) Make a compromise or arrangement with creditors or persons claiming to be creditors, or having or alleging that they have any claim against the Company, whether present or future, certain or contingent, ascertained or not;

(c) Compromise, on such terms as may be agreed;

(iii) Calls and liabilities to calls, debts and liabilities capable of resulting in debts, and claims, whether present or future, certain or contingent, ascertained or not, subsisting or supposed to subsist between the Company and any person; and

(iv) Questions in any way relating to or affecting the assets or the liquidation of the Company;

and take security for the discharge of any such call, debt, liability or claim and give a complete discharge in respect of it.

(d) Commence, continue, or defend any action or other legal proceedings in the name and on behalf of the Company.

WITHOUT SANCTION OF THE COURT

(a) Carry on the business of the Company as far as may be necessary for its beneficial liquidation.

(b) To sell or otherwise dispose of property of the Company.

(c) Do all acts and execute, in the name and on behalf of the Company, any deeds, receipts or other document.

(d) Use the Company's seal.

(e) Prove, rank and claim in the bankruptcy, liquidation, insolvency or sequestration of any member or past member for any balance against his estate, and to receive dividends, in the bankruptcy, liquidation, insolvency, sequestration or in respect of that balance, as a separate debt due from the bankruptcy or insolvent, and rateably with the other separate creditors.

(f) Draw, accept, make and endorse any bill of exchange or promissory note in the name and on behalf of the Company with the same effect with respect to the Company's liability as if the bill or note had been drawn, accepted, made or indorsed by or on behalf of the Company in the course of its business.

(g) Borrow money, whether on the security of the assets of the Company or otherwise.

(h) Take out in his official name letters of administration to any deceased member or past member or debtor, and to do any other act necessary for obtaining payment

of any money due from a member or past member or debtor, or his estate, that cannot conveniently be done in the name of the Company.

For the purpose of enabling the liquidator to take out letters of administration or do any other act under this paragraph, to be due to the liquidator himself.

(i) Call meeting of creditors or members for:

(iv) the purpose of informing creditors or members concerning the progress of or matters arising in the liquidation;

(v) the purpose of ascertaining the views of creditors or members on any matter arising in the liquidation; or

(vi) such other purpose connected with the liquidation as the liquidator considers fit.

(j) Appoint a solicitor, accountant or other professionally qualified person to assist him in the performance of his duties.

(k) Appoint an agent to do any business that the liquidator is unable to do himself, or which can be more conveniently done by an agent.

1) **THE BVI COURT** requests the Supreme Court of Singapore to recognise that anything that is authorised or required to be done by the Liquidators may be done by any one or all of them jointly and severally.

2) **THE BVI COURT** grants its assurance that there is no limitation on the powers that it exercises under the insolvency laws of the BVI that would prevent it from making orders of the sort requested of the Supreme Court of Singapore.

THE BVI COURT FURTHER CONFIRMS that it is authorised under its inherent jurisdiction to extend such assistance as allowed by BVI statute and common law to the Supreme Court of Singapore.

AND THE BVI COURT EXTENDS to the judicial authorities of the Supreme Court of Singapore assurances of the highest consideration and its thanks for such cooperation and assistance as may be extended pursuant to this Letter of Request.

Dated this day of 8th July 2022

Adrian Jack

JUDGE OF THE COMMERCIAL DIVISION

THIS IS THE EXHIBIT MARKED "**RC-17**"

REFERRED TO IN

THE 1ST AFFIDAVIT

OF **RUSSELL CRUMPLER**

AFFIRMED BEFORE ME

IN THE BRITISH VIRGIN ISLANDS

ON

THIS 8th DAY OF July 2022

BEFORE ME

A NOTARY PUBLIC

LORRAINE A. Y. LA ROSE
Notary Public
~~The Virgin Islands (UK)~~
My commission expires: 31st January 20 23

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	Chapter 15
Three Arrows Capital, Ltd,[1]	Case No. 22-10920 ( )
Debtor in a Foreign Proceeding.	

DECLARATION OF RUSSELL CRUMPLER
IN SUPPORT OF VERIFIED PETITION UNDER CHAPTER 15 FOR RECOGNITION OF A FOREIGN MAIN PROCEEDING AND RELATED RELIEF

I, Russell Crumpler, pursuant to 28 U.S.C. Section 1746, hereby declare under penalty of perjury under the laws of the United States of America, as follows:

1. I am a Senior Managing Director of Teneo (BVI) Limited ("Teneo") in the British Virgin Islands. I, along with my colleague Christopher Farmer (also of Teneo), have been appointed as joint liquidators of Three Arrows Capital Ltd. (the "Debtor") by the Eastern Caribbean Supreme Court in the High Court of Justice (Commercial Division).

2. I submit this declaration in support of the *Verified Petition under Chapter 15 for Recognition of a Foreign Proceeding* pending in the British Virgin Islands ("BVI") [Docket. No.

[1] The last four digits of the Debtor's British Virgin Islands company registration number are 0531. The location of the Debtor's registered office is ABM Chambers, P.O. Box 2283, Road Town, Tortola, VG1110, British Virgin Islands.

2] (the "Verified Petition" and together with the Form of Voluntary Petition [Docket. No. 1], the "Petition")[2] to provide background on the Debtor and the BVI proceeding, and other relevant events leading up thereto. I have reviewed the Petition and it is my belief that the relief sought therein is necessary to implement the liquidation described herein.

3. I am over the age of 18 and I am duly authorized to make this declaration acting in my capacity as joint liquidator of the Debtor. Except as otherwise indicated, the facts set forth in this declaration are based upon my personal knowledge, my review of relevant documents, or my opinion based upon experience, knowledge, and information concerning the Debtor. I am authorized to submit this declaration on behalf of the Debtor, and if called upon to testify, I could and would testify competently to the facts set forth herein.

4. Section I of this declaration describes my professional background and experience. Section II describes the Debtor, including specific information about the Debtor's business and connections to the United States. Section III describes the events leading up to the Debtor's insolvency and the appointment of joint liquidators in the BVI proceeding. Section IV provides an overview of a related arbitration against the Debtor,[3] including a description of how that related proceeding could threaten the ability of joint liquidators in the BVI proceeding to properly discharge their duties with regards to the entirety of the Debtor's creditor body. Finally, Section V describes the need for Chapter 15 relief.

I. PROFESSIONAL BACKGROUND AND EXPERIENCE

5. I joined Teneo earlier this year following the acquisition of KPMG's BVI restructuring business by Teneo. Before joining Teneo, I was a Managing Director of KPMG (BVI) Limited and the Head of Restructuring for KPMG's Islands Group. Teneo's BVI team

[2] Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Verified Petition.

[3] As of the filing of the petition in this case, the creditor who had initiated this arbitration agreed to a temporary stay of the proceedings.

(formerly KPMG) has been named Insolvency Practice of the Year in the BVI Finance awards for 2019 and 2020.

6. I am a UK Joint Insolvency Examination Board qualified insolvency professional and a fellow of the Institute of Chartered Accountants in England and Wales. I have led the advisory team in the BVI since 2011 and have been working as a restructuring and insolvency specialist since 2000. I am a licensed insolvency practitioner in the BVI and the former chair of Recovery and Insolvency Specialists Association (BVI) Limited, the BVI's INSOL[4] member organization.

7. I have extensive restructuring experience from numerous complex, multi-jurisdictional engagements, including serving as a court-appointed liquidator in several high-profile matters, a number of which have caused me to seek recognition under the US Bankruptcy Code. I also have substantial experience across a number of business sectors, with a specific focus on contentious insolvencies, asset tracing, and the financial services industry.

II. THE DEBTOR

8. The Debtor has represented in public BVI filings that it is an investment firm engaged in short-term opportunities trading, and is heavily invested in cryptocurrency, funded through borrowings. As of April 2022, the Debtor was reported to have over $3 billion of assets under its management. This was reported, for example, in a June 17, 2022 article published by the Wall Street Journal, a true and correct copy of which is attached hereto as **Exhibit 1.**

9. On May 3, 2012, Debtor was incorporated as a Business Company under the laws of the British Virgin Islands ("BVI"). It was co-founded by Kyle Davies and Su Zhu. It had

[4] INSOL is a world-wide federation of national associations of accountants and lawyers who specialize in turnaround and insolvency.

three directors: Davies, Zhu, and Mark James Dubois, a BVI resident. Its sole shareholder owning all of its "management shares" is Three Arrows Capital Pte. Ltd.

10. As an investment firm registered in the BVI, the Debtor is also regulated by the BVI Financial Services Commission, and is consequently required to, *inter alia,* provide annual reporting to the Commission and comply with BVI rules and regulations, as well as subject itself to potential audit and enforcement actions.

11. I understand that Three Arrows Capital Pte. Ltd. (the direct parent entity of the Debtor) operated as a regulated fund manager in Singapore until last year, when it shifted its domicile to the BVI, as part of a global corporate plan to relocate operations to Dubai. I also understand that, on June 30, 2022, the Monetary Authority of Singapore (the "MAS") issued a "reprimand" of Three Arrows Capital Pte. Ltd. for providing false information to the MAS and exceeding the assets under management for a registered fund management company. A true and correct copy of the MAS's press release is attached hereto as **Exhibit 2.**

12. It is my understanding and belief that Mr. Davies and Mr. Zhu's current location remains unknown, but they are rumored to have left Singapore.

13. Currently, the Debtor's registered office and address for service is located at c/o ABM Corporate Services, Ltd 1st Floor, Columbus Centre, P.O. Box 2283, Road Town, Tortola, British Virgins Islands, VG1110.

14. The Debtor has property in and connections to the United States and New York, New York. For example, I am aware that the Debtor has assets in the form of interests in a $150,000 retainer with the New York office of Dan Tan Law, counsel to the Debtor, through a transfer by Solitaire LLP, the Debtor's Singapore-based counsel, which is being held in a client trust account located in New York, New York. I am also aware that the Debtor is a borrower under certain loan agreements that are governed by the laws of the State of New York, provide

for loans to be made in U.S. Dollars or Bitcoin, and include forum selection clauses designating arbitration in New York as the forum for resolution of disputes arising in connection with the loan agreement. Further, one of these loan agreements is currently the subject of a pending (but temporarily stayed) arbitration against the Debtor, as described in more detail below.

III. THE DEBTOR'S INSOLVENCY AND THE APPOINTMENT OF JOINT LIQUIDATORS

The Debtor Becomes Insolvent

15. The Debtor was well known in the cryptocurrency industry as a leading proprietary trading fund. Since Debtor began trading in cryptocurrency in recent years, it grew into one of the largest and best known cryptocurrency hedge funds.

16. I understand that the Debtor borrowed digital and fiat currency from multiple lenders to fund its cryptocurrency investments. I also understand from various news outlets that a substantial portion of the Debtor's investment portfolio was comprised of one type of cryptocurrency called Luna. This was reported, for example, in the previously-mentioned June 17, 2022 Wall Street Journal article. *See* Exhibit 1.

17. I understand based on various news reports that, in mid-May 2022, Luna lost 99% of its value. I also understand that, following this "crash" in the value of Luna, prices of other cryptocurrencies also experienced further rapid declines, which were in addition to general downward trends in the cryptocurrency markets that have been prevalent during 2022. Among other news sources, the Luna crash and subsequent downturn of the cryptocurrency market was also covered in the June 17, 2022 Wall Street Journal article. *See* Exhibit 1.

18. I am informed and believe that, in the weeks that followed, the Debtor reportedly defaulted on its obligations to several of its major lenders, many of which liquidated the Debtor's positions. I also understand that, by mid-June 2022, the Debtor was rumored to be facing more

than $400 million in liquidations. These events were widely reported, including in a June 16, 2022 article published by Fortune, a true and correct copy of which is attached hereto as **Exhibit 3**.

19. I understand that, later that month, some of the Debtor's known creditors publicly acknowledged that the Debtor had failed to repay hundreds of millions of loaned assets, including one creditor who publicly stated Debtor owed it the equivalent of $675 million in cryptocurrencies, and that it planned to pursue recovery against the Debtor. This was reported in a June 27, 2022 Wall Street Journal article, among other publications. A true and correct copy of the June 27, 2022 Wall Street Journal article is attached hereto as **Exhibit 4.**

20. I am also aware that one of the Debtor's largest known creditors initiated arbitration against the Debtor seeking repayment of amounts loaned and provisional relief on an emergency basis with respect to the Debtor's remaining assets, but has agreed to temporarily stay those proceedings, as explained further below.

21. With many creditors seeking to enforce their rights to collect on the Debtor's outstanding debt obligations, the risk increased that the Debtor would dissipate it assets without consideration of each individual lender's ability to recoup its losses.

DRB Panama Inc. Seeks Appointment of Provisional Liquidators; Debtor Seeks Appointment of Liquidators

22. Under BVI law, in my experience, a "liquidator" effectively serves to help wind up the affairs of a BVI company and protect its assets, so that, *inter alia*, its debts, liabilities and claims can be resolved fairly for the benefit of all creditors. It is, in essence, a collective remedy.

23. On June 24, 2022, one of the Debtor's many creditors—DRB Panama Inc. ("DRB")—filed an application to appoint joint provisional liquidators—and thereafter, full liquidators—in the Eastern Caribbean Supreme Court in the High Court of Justice (Commercial

Division) located in BVI (the "BVI Commercial Court"). The application was assigned claim number BVIHCOM2022/0117.

24. Subsequently, on June 27, 2022, the Debtor filed its own application for the appointment of joint liquidators before the BVI Commercial Court, and requested that the application be heard urgently on an *ex parte* basis. The Debtor's originating application stated that Debtor is "in default of its [many] loan obligations" and "is insolvent" under applicable law, and thus seeks the appointment of joint liquidators pursuant to sections 159(1)(a), 162(1)(a) and 162(1)(b) of the BVI Insolvency Act 2003. In essence, the Debtor acknowledged, publicly, the many reports released in the press over the prior few weeks regarding the nature of its ability to operate as a going concern.

25. Despite seeking the appointment of joint liquidators through its own petition, DRB did not oppose the Debtor's request. The Debtor's application was assigned claim number BVIHC(COM)2022/0119. A true and correct copy of the originating application filed by the Debtor is attached hereto as **Exhibit 5**.

Joint Liquidators Are Appointed

26. On June 29, 2022, the Honorable Mr. Justice Jack of the BVI Commercial Court heard the Debtor's application for the appointment of joint liquidators on an *ex parte* basis. Justice Jack consolidated DRB's application with Debtor's application under claim number BVIHC(COM)2022/0119. Justice Jack then formally appointed Mr. Farmer and myself as joint liquidators of the Debtor in the matter (also referred to as the "BVI Proceeding"), with the power to act jointly or severally on behalf of Debtor of all matters relating to the winding up of its business.

27. The order appointing us as joint liquidators states that we have the power to: "(a) commence, continue, discontinue or defend any claim, action or legal proceeding in the United

States of America ('US') as [we] see fit; (b) commence proceedings pursuant to Chapter 15 of US Bankruptcy Code as [we] deem appropriate; and (c) seek recognition of this order in any jurisdiction as [we] may deem appropriate." It further states that we shall have "all those powers set out in section 186 and Schedule 2 of the Insolvency Act 2003," including the "[p]ower to carry on the business of the Company so far as may be necessary for its beneficial liquidation," "[p]ower to make a compromise or arrangement with creditors or persons claiming to be creditors," "[p]ower to commence, continue or defend any action or other legal proceedings in the name and on behalf of the Company[,]" and the "[p]ower to sell or otherwise dispose of property of [the Debtor]." A true and correct copy of the BVI Commercial Court's June 29, 2022 order issued in the BVI Proceeding is attached hereto as **Exhibit 6**. Section 162 of the Bankruptcy Act also provides that we have "the powers necessary to carry out the functions and duties of a liquidator under this Act[.]"

28. Based on this order, it is my understanding that Mr. Farmer and myself, as court-appointed joint liquidators of the Debtor, have a legal duty, subject to judicial supervision, to conduct an accounting and, ultimately, to dissolve the Debtor and marshal and distribute its assets to its creditors in a fair, legal, and orderly fashion. It is also my understanding that, because of the BVI Proceeding, the Debtor's key corporate activities moving forward will be conducted by myself and Mr. Farmer and will occur in the BVI.

29. To that end, Mr. Farmer and I have already centralized the Debtor's activities in the BVI, including directing all creditors to correspond with us in the BVI (which will occur pursuant to court-sanctioned protocols), and establishing a bank account in the BVI in the Debtor's name. I also understand that many creditors have retained BVI counsel.

IV. THE ARBITRATION PROCEEDING

30. Despite our appointment as joint liquidators, I understand that one of the Debtor's largest known creditors has initiated an arbitration in New York, New York against the Debtor, which is being administered by the American Arbitration Association under its Commercial Arbitration Rules and is governed by New York law. I also understand that this creditor had applied for emergency relief with the intention of conserving Debtor's assets, or, alternatively, freezing the Debtor's assets pending an arbitration of the creditor's claims. The creditor had further requested that an emergency arbitrator issue an interim order while its emergency application is pending restraining the Debtor from taking any action with respect to its assets. A hearing on the creditor's application for emergency relief was set for July 5, 2022, but as of the filing of the petition in this case, the creditor has agreed to a temporary stay of all proceedings.

31. More specifically, on or about June 28, 2022, in our capacity as joint liquidators, Mr. Farmer and I reached out to Dan Tan Law, current counsel for the Debtor in the arbitration, to inquire about the status of the arbitration. Dan Tan and Mark Beckett are currently leading the defense for the Debtor in that matter. We informed Messrs. Beckett and Tan of our role. We also asked that they communicate to the creditor's counsel our request that the creditor put its request for emergency relief on temporary hold to give us the opportunity to evaluate the arbitration in connection with the BVI Commercial Court's order appointing joint liquidators in the BVI Proceeding. As communicated through its counsel, the creditor agreed to a temporary stay of all proceedings, including the application for emergency relief and an interim order in the arbitration.

V. NEED FOR CHAPTER 15 RELIEF

32. I am advised by BVI counsel that the BVI proceeding comports with BVI law, and, based on consultation with U.S. counsel, I believe that it also satisfies the requirement for

recognition under Chapter 15 of the Bankruptcy Code. In light of the many circumstances—including the significant number of creditors that will likely seek recovery against Debtor—a Chapter 15 proceeding is undeniably necessary. Absent recognition, I would expect other creditors of the Debtor to seek to exercise self-help remedies in the United States and elsewhere, in contravention of the BVI Commercial Court's order.

33. Accordingly, recognition of the BVI proceeding, enforcement of the BVI Commercial Court's order appointing joint liquidators within the territorial jurisdiction of the United States, granting all relief afforded to foreign main proceedings under 11 U.S.C. Section 1520, and imposing an automatic stay of all proceedings against the Debtor within the United States will be critical components to liquidating the Debtor without disruption or the threat of adverse actions by dissenting creditors against the Debtor or its assets in the United States. Without assistance from this Court, liquidation could be fundamentally undermined to the detriment of all parties in interest. I believe that the interests of all the Debtor's creditors are aligned with the Debtor in seeking the relief requested in the Petition, which will ensure that liquidation is carried out successfully.

34. Additionally, as a joint liquidator of the Debtor, I have the power to, among other things, investigate the affairs involving Debtor's assets for purposes of recovering assets for the benefit of the creditors. I am seeking recognition to, among other things, obtain documentary and testimonial evidence from witnesses in furtherance of my investigative and asset recovery efforts.

35. Because I was only recently appointed as a joint liquidator, I have only recently started my investigative work. The work of the Foreign Representatives will include investigation of the details of the Debtor's transactions leading up to its insolvency, as well as its outstanding obligations, and taking possession of the Debtor's liquid and illiquid assets, which I

understand and believe to be located in and/or potentially subject to the laws of a number of different jurisdictions (keeping in mind that the Debtor's digital assets are intangible and transferrable). Thereafter, I hope to make recoveries to the extent possible, including by filing actions and asserting such proprietary claims as may be available to me in the United States or elsewhere. I may also bring claims against any third parties that are subject to suit and may have damaged or owe money to the Debtor in the United States, so that I can maximize creditors' ability to collect on their claims.

36. I have also requested that the Court cause the Proposed Order to become effective immediately upon entry, notwithstanding the 14-day stay of effectiveness of that order. I believe that a waiver of the 14-day stay of effectiveness period is necessary to shield the Debtor's assets from aggressive creditors and provide a breathing spell so that Mr. Farmer and I can fulfill our judicial duties, and immediately begin accounting for and liquidating the Debtor's assets, as was ordered by the BVI Commercial Court. Further delay could result in an unfair distribution of assets to creditors or loss of market confidence in the Debtor, which may seriously impact the viability of the Debtor's business.

Dated: July 1, 2022

/s/ Russell Crumpler

Russell Crumpler of Teneo (BVI) Limited as joint liquidator of the Three Arrows Capital Ltd. (the "Debtor")

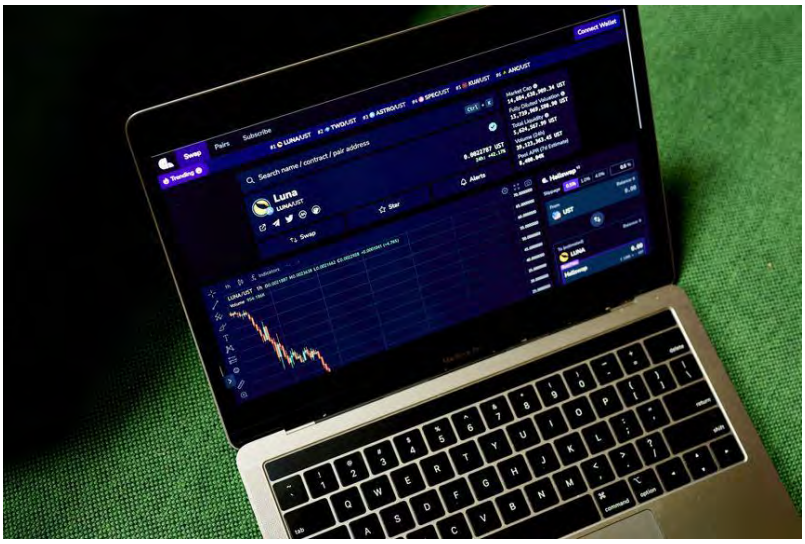
Exhibit 1

https://www.wsj.com/articles/battered-crypto-hedge-fund-three-arrows-capital-considers-asset-sales-bailout-11655469932

◆ WSJ NEWS EXCLUSIVEMARKETS

Crypto Hedge Fund Three Arrows Capital Considers Asset Sales, Bailout

Firm's founders say they still believe in the future of cryptocurrencies



By Serena Ng

June 17, 2022 8:45 am ET

Cryptocurrency-focused hedge fund Three Arrows Capital Ltd. has hired legal and financial advisers to help work out a solution for its investors and lenders, after suffering heavy losses from a broad market selloff in digital assets, the firm's founders said on Friday.

"We have always been believers in crypto and we still are," Kyle Davies, Three Arrows's co-founder, said in an interview. "We are committed to working things out and finding an equitable solution for all our constituents."

The nearly decade-old hedge fund, which was started by former schoolmates and Wall Street currency traders Su Zhu and Mr. Davies, had roughly $3 billion in assets under management in April this year.

That was shortly before a sudden collapse in the values of TerraUSD, a so-called algorithmic stablecoin, and its sister token, Luna, in mid-May.

Three Arrows is exploring options including asset sales and a rescue by another firm, Mr. Davies said. The fund is hoping to reach an agreement with creditors that would give it more time to work out a plan. The firm is still operating as it seeks a solution.

Price of Luna Classic*

Note: " The original cryptocurrency previously called Luna. A new Luna token was issued last month after the collapse of TerraUSD and Luna Classic
Source: CoinDesk

Three Arrows was among a group of large investors that took part in a $1 billion token sale earlier this year by Luna Foundation Guard, a nonprofit organization started by South Korean developer Do Kwon, the creator of TerraUSD. The funds went toward a bitcoin-denominated reserve for the stablecoin, and were meant to help maintain TerraUSD's value at $1 per coin.

Mr. Davies said Three Arrows invested about $200 million in Luna as part of that deal, a sum that was effectively wiped out when TerraUSD and Luna both became worthless in a matter of days.

The two cryptocurrencies were previously among the 10 largest digital coins before they lost a total of $60 billion in market capitalization last month, he added. Before the collapse, a few people in the crypto industry had voiced concerns about TerraUSD's stability and its dependence on traders to act as its backstop, saying this mechanism could allow for a potential downward spiral.

"The Terra-Luna situation caught us very much off guard," Mr. Davies said, adding that the massive selloff was unprecedented. The Luna Foundation's sale of bitcoin to help support TerraUSD also worsened declines in the value of bitcoin in May.

Mr. Davies said Three Arrows was able to withstand the Luna losses, but the subsequent cascade of events that caused prices of bitcoin, ether and other cryptocurrencies to plummet in recent weeks created more problems, he added.

Credit conditions have tightened markedly as digital asset values have fallen across the board, leading some lenders to demand partial or full repayment on loans they previously made to crypto investors. Rapidly rising U.S. interest rates—a result of the Federal Reserve's attempts to rein in high inflation—have also worsened a selloff in riskier assets.

How many dollars one bitcoin buys

$70000

Crypto's total market capitalization, which had topped out at nearly $3 trillion in November last year, had tumbled to $910 billion as of Friday, according to data provider CoinMarketCap.

Last weekend, Celsius Network LLC, a widely used cryptocurrency lender, abruptly froze customer withdrawals, swaps and transfers between accounts, blaming what it said were extreme market conditions.

“We were not the first to get hit...This has been all part of the same contagion that has affected many other firms,” Mr. Davies said.

He said Three Arrows is still trying to quantify its losses and value its illiquid assets, which include venture-capital investments in dozens of private cryptocurrency-related companies and startups.

“We are the biggest investors in the fund, and our intent was always for everyone to do well in it,” said Mr. Zhu, Three Arrows’s other founder.

Back in early 2021, Mr. Zhu had predicted that bitcoin would enter what is known as a growth supercycle with continually rising prices as the cryptocurrency gained more mainstream adoption. In late May, as the market selloff was under way, he tweeted that the “Supercycle price thesis was regrettably wrong, but crypto will still thrive and change the world every day.”

The sudden comedown of Three Arrows follows the firm’s previously strong performance record. Messrs Zhu and Davies started their fund in late 2012 with just $1.2 million. It originally focused on trading emerging markets currencies before moving heavily into cryptocurrencies in recent years—multiplying the fund’s investments as bitcoin and other digital assets increased in value.

The firm is known to have had large positions in the Grayscale bitcoin Trust and “Lido staked ether” tokens, both of which have also suffered losses recently. The latter is derivative of the cryptocurrency ether that is locked up until the Ethereum network transitions to a less energy-intensive model. These tokens have recently traded at a discount to ether itself.

Nichol Yeo, a partner of law firm Solitaire LLP who is advising Three Arrows, said all of the fund’s investors are institutions or wealthy investors. He added that the firm is keeping Singapore’s financial regulator, the Monetary Authority of Singapore, apprised of its recent developments.

Just before the latest downturn, Three Arrows said it was making plans to move its headquarters to Dubai, where the digital-asset industry is booming. The firm operated as a

regulated fund manager in Singapore until last year, when it shifted its domicile to the British Virgin Islands as part of its relocation plan.

—Caitlin Ostroff and Vicky Ge Huang contributed to this article.

Appeared in the June 18, 2022, print edition as 'Hedge Fund Explores Asset Sales, Bailout'.

Exhibit 2

Enforcement Actions Media Releases | Published Date: 30 June 2022

1091

MAS Reprimands Three Arrows Capital for Providing False Information and Exceeding Assets Under Management Threshold

Singapore, 30 June 2022…The Monetary Authority of Singapore (MAS) today reprimanded Three Arrows Capital Pte. Ltd. (TAC) for providing false information to MAS and exceeding the assets under management (AUM) threshold allowed for a registered fund management company (RFMC).

2. In August 2013, TAC obtained its RFMC status which allowed it to carry on fund management business with no more than 30 qualified investors and manage assets of no more than S$250 million. TAC novated the management of the only fund it managed to an offshore entity in the British Virgin Islands on 1 September 2021. While it resumed management of a portion of the fund's assets in February 2022, TAC notified MAS on 29 April 2022 of its intent to cease fund management activity in Singapore with effect from 6 May 2022.

3. The reprimand relates to contraventions by TAC which occurred prior to its notification to MAS in April 2022. MAS has been investigating these contraventions since June 2021. The contraventions, under the Securities and Futures Act 2001 (SFA) and the Securities and Futures (Licensing and Conduct of Business) Regulations (SFR), are as follows:

- **Failure to ensure that information provided to MAS is not false or misleading**. TAC had represented to MAS that it had novated the management of its fund to an unrelated offshore entity with effect from 1 September 2021. However, this representation was misleading as TAC and the offshore entity shared a common shareholder, Mr Su Zhu, who is also a director of TAC. (Section 329(1) of the SFA).

- **Failure to notify MAS of changes to directorships and shareholdings.**TAC failed to inform MAS within the required timeline of changes in the directorships and shareholdings of its directors, Mr Su Zhu and Mr Kyle Livingston Davies. (Paragraph 5(7I)(a) of the Second Schedule to the SFR).

- **Prolonged breach of the AUM threshold.**TAC exceeded its allowable AUM of S$250 million for a RFMC between July 2020 and September 2020 and between November 2020 and August 2021. (Paragraph 5(7F) of the Second Schedule to the SFR).

4. In light of recent developments which call into question the solvency of the fund managed by TAC, MAS is assessing if there were further breaches by TAC of MAS' regulations.

*****

Additional Information

- Section 329(1) of the SFA states that any person who provides MAS with any information under the SFA must use due care to ensure that the information is not false or misleading in any material particular.

- Paragraph 5(7I)(a) of the Second Schedule to the SFR states that a RFMC shall lodge with MAS a notice of change of particulars in Form 23A providing any change in the particulars in the notice lodged under sub-paragraph (7) of the Second Schedule to the SFR, not later than 14 days after the date of the change.

- Paragraph 5(7F) of the Second Schedule to the SFR states that the total value of the managed assets of a RFMC shall not at any time exceed S$250 million.

*****

Exhibit 3

1093

A major crypto hedge fund is wobbling as $10 billion Three Arrows Capital sees a spate of liquidations

June 16, 2022 2:20 PM PDT

As the crypto winter intensified in early June, Galaxy Digital CEO Mike Novogratz said he thinks two-thirds of crypto hedge funds will go out of business. His prediction took days to start bearing out.

After $400 million in liquidations, a major hedge fund in the space, Singapore-based Three Arrows Capital, or 3AC, is reportedly facing insolvency, and many dominos look likely to fall next.

3AC's lenders continue to come forward as the fund, which managed $10 billion in assets in March, according to blockchain analytics firm Nansen, fails to meet margin calls and liquidates its cryptocurrency holdings, adding more downward pressure on the beleaguered market.

There were “some major shifts in [3AC’s] positions” early in the week, Andrew Thurman, content lead and analyst at leading blockchain data firm Nansen, told *Fortune* on Tuesday. “I don't want to comment on what that might mean for their health, but it's clear that they're reshuffling major portions of their holdings.”

As rumors began to swirl of possible insolvency, 3AC cofounder Su Zhu was initially silent, then seemed to acknowledge the turbulence

on Tuesday, tweeting, "We are in the process of communicating with relevant parties and fully committed to working this out."

Cryptocurrency lender BlockFi is among the most recent to liquidate some of 3AC's positions, according to the Financial Times. BlockFi CEO Zac Prince confirmed its exit in a Thursday tweet: "BlockFi can confirm that we exercised our best business judgment recently with a large client that failed to meet its obligations on an overcollateralized margin loan. We fully accelerated the loan and fully liquidated or hedged all the associated collateral."

Since then, others with exposure to 3AC have come forward. Finblox, a platform offering users up to 90% yield to deposit their cryptocurrency, reduced its withdrawal limits by two-thirds and cited its relationship with 3AC.

On Twitter, Deribit, a cryptocurrency derivatives exchange, claimed on Thursday that 3AC is a shareholder of its parent company, adding that Deribit has "a small number of accounts that have a net debt to us

that we consider as potentially distressed."

1098

Deribit also tweeted, "Even in the event that none of this debt is repaid to us, we will remain financially healthy and operations will not be impacted. We can confirm all customer funds are safe and the full insurance fund will remain intact as is."

Danny Yuan, chief executive officer of cryptocurrency trading firm 8 Blocks Capital, also claimed to have been impacted by 3AC. "We trade in one of 3AC's trading accounts. This morning they took about [$1 million] out of our accounts. I hope you pay us back asap," he tweeted on Tuesday.

Since the Terra ecosystem collapsed, with failed algorithmic stablecoin TerraUSD (UST) and cryptocurrency Luna (LUNC) becoming nearly worthless, there has been a ripple effect throughout the space. One of the cryptocurrency market's biggest lending platforms, Celsius Network, paused its withdrawals on Sunday, sparking rumors of bankruptcy. Reports concerning the state of 3AC followed soon after, pushing further fears of contagion and systemic risk.

3AC reportedly owned LUNC alongside other cryptocurrencies, and it was a hefty investor in the Grayscale Bitcoin Trust, or GBTC, the largest Bitcoin fund. According to a January 2021 SEC filing, 3AC owned almost 39 million units of GBTC at the end of 2020.

"A lot of people have reached out about what they know—many of whom have direct relationships with 3AC as well. What we learned is that they were leveraged long everywhere and were getting margin-

called," Yuan wrote on Twitter. "Instead of answering the margin calls, they ghosted everyone. The platforms had no choice but to liquidate their positions, causing the markets to further dump."

3AC did not immediately respond to *Fortune*'s request for comment.

1100

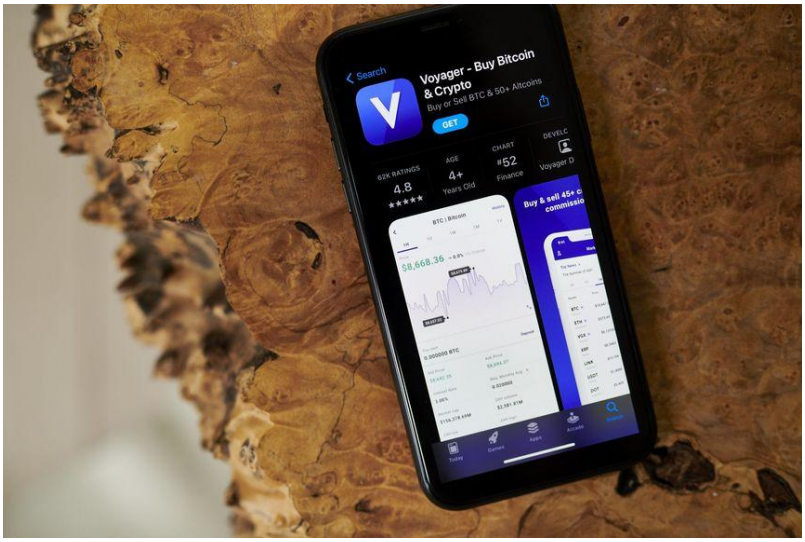
Exhibit 4

https://www.wsj.com/articles/crypto-hedge-fund-three-arrows-defaulted-on-loan-says-broker-voyager-digital-11656336534

MARKETSFINANCE

Crypto Hedge Fund Three Arrows Defaulted on Loan, Says Broker Voyager Digital

Three Arrows, which has suffered heavy losses, owes Voyager Digital equivalent to $675 million in cryptocurrencies



By Caitlin Ostroff

Updated June 27, 2022 9:50 am ET

Crypto broker Voyager Digital Ltd. VOYG **-14.29%** ▼ said that hedge fund Three Arrows Capital Ltd. had defaulted, failing to make loan payments tied to large bets in the digital-currency realm.

Three Arrows had borrowed $675 million from Voyager Digital in the form of 15,250 bitcoin and $350 million in USD Coin, a stablecoin whose value is pegged to the dollar. Voyager had previously said it would issue a notice of default if the crypto hedge fund didn't repay the loan by Monday.

Three Arrows Capital hired legal and financial advisers after suffering heavy losses from a broad market selloff in digital assets. Its troubles and those of other crypto firms have reverberated widely through the digital-assets ecosystem, revealing the interconnectedness of its largest players.

The firm had invested in Luna, a cryptocurrency that has eroded nearly all of its value, and "Lido Staked ether" tokens, a derivative of ether that has also suffered losses. The hedge fund is exploring options including asset sales and a rescue by another firm, The Journal previously reported.

A lawyer for Three Arrows didn't immediately respond to a request for comment.

Voyager Digital said it intends to recover its assets and is discussing legal remedies with its advisers. The crypto broker said it had $137 million of cash and crypto assets on hand as of Friday and is still processing user orders and withdrawals, adding that it has engaged Moelis & Co. as financial advisers.

A Moelis spokesperson declined to comment.

Voyager Digital said Monday it had used $75 million from a line of credit it took out last week to facilitate customer orders and withdrawals and may use more. The crypto broker said last week it secured a loan that includes $200 million in cash and USD Coin and 15,000 bitcoin from crypto-trading firm Alameda Research to meet customer liquidity needs. The two lines of credit expire at the end of 2024 and carry an annual interest rate of 5% payable on maturity.

Other crypto firms have been hurt by sharp falls in crypto's value. Celsius Network LLC has hired restructuring consultants from advisory firm Alvarez & Marsal to advise on a possible bankruptcy filing, The Wall Street Journal reported. The major crypto lending platform has suspended withdrawals for the past two weeks.

Crypto exchange FTX is also in talks to acquire a stake in crypto lender BlockFi, The Journal has reported.

Write to Caitlin Ostroff at caitlin.ostroff@wsj.com

Cryptocurrency Markets

Related coverage, selected by the editors

The Crypto Party Is Over

Where Does Crypto Go From Here?

Behind Celsius Sales Pitch Was a Lender Built on Risk

Crypto Hedge Fund Three Arrows Ordered to Liquidate

Man Behind TerraUSD Has a New Coin for You

Hedge Funds Are Betting Against Tether

The Stablecoin Price Crash Explained

Bitcoin: What to Know Before Investing

Appeared in the June 28, 2022, print edition as 'Crypto Hedge Fund Defaults On Loan'.

Exhibit 5

The Insolvency Act 2003
The Insolvency Rules 2005

Form R14A

Originating Application (Company)

Rule 14

In The Eastern Caribbean Supreme Court In the High Court of Justice (Commercial Division)	
Matter No:	**BVIHC(COM)**
Applicant:	**Three Arrows Capital, Ltd (Co Number 1710531)**
Respondent:	**N/A**

IN THE MATTER OF THREE ARROWS CAPITAL, LTD
AND
SECTIONS 159(1)(a) and 162(1)(a) and 162(1)(b) OF THE INSOLVENCY ACT, 2003 (AS AMENDED)

For Court use only

The Application heard by Master/Judge at on the day of 2022 at o'clock at a time specified in the Final Court List for the Commercial Division of the period in questions. If you do not attend at the time shown the Court may make an order in your absence.

We Bedell Cristin BVI Partnership, Mandar House, Johnson's Ghut Road Town, British Virgin Islands, on behalf of the Applicant, **Three Arrows Capital, Ltd**

Apply to the Court pursuant to Sections 159(1)(a) and 162(1)(a) and/or 162(1)(b) of the BVI Insolvency Act 2003 (*as amended*) (*"**the Act**") for an order that:*

1. The hearing of this application shall be on an ex parte basis pursuant to Insolvency Rule 21.
2. Advertisement of the Application shall be dispensed with pursuant to section 165 of the Act.

3. Ms Charlotte Caulfield and Mr Paul Prelove of Kalo (BVI) Limited, PO Box 4571, 4th Floor, LM Business Centre, Fish Lock Road, Road Town, Tortola, British Virgin Islands, licensed insolvency practitioners in the Act, be appointed as the Joint Liquidators of the Company with power to act Jointly and/or Severally ("**the Proposed Joint Liquidators**").
4. The Proposed Liquidators be given the powers necessary to carry out the functions and duties of the liquidator under Schedule 2 of the Act and more particularly set out in the draft Order.
5. The costs of the Proposed Liquidators to be paid out the Company's assets with the priority prescribed by Rule 199 of the Insolvency Rules 2005.
6. The Proposed Liquidators may draw down 80% of their fees and 100% of their expenses subject to any Order of the Court and the Joint Liquidators may apply to have their remuneration, costs and expenses to be fixed by the court.
7. Any further relief as the Court considers appropriate.

A draft of the order sought is attached.

The application is supported by the First Affidavit of Robert Gardner sworn on 27 June 2022 and the signed but unsworn First Affidavit of Kyle Livingstone Davies and exhibit KLD1.

The grounds upon which the order is sought may be summarised as follows:

1. The Company incorporated on 3 May 2012 and exists under the laws of the BVI, company number 1710531, with registered office and address for service at c/o ABM Corporate Services Ltd 1st Floor, Columbus Centre, PO BOX 2283 Road Town, Tortola, VG1110. British Virgin Islands.

2. The Company is a Professional Fund within the definition of the Securities and Investment Business Act 2010. The Company is in the business of investments and short-

term opportunities trading The Company invested heavily in cryptocurrency funded by borrowings.

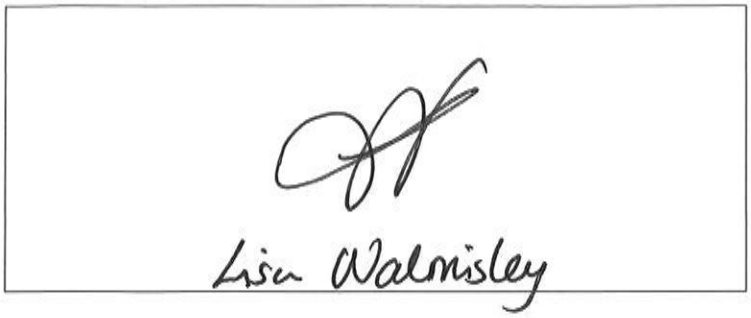
3. The recent fluctuations in the value of cryptocurrency have resulted in the company being in default of its loan obligations and the Company has been served with notices of default form a number of its lenders. On 22 June 2022 the Company was served with a statutory demand Bitget Singapore Pte Ltd for approximately $10 million. The Company is unable to comply with that statutory demand.
4. The shareholders and Directors, some of whom are also creditors of the Company were made aware that creditors were seeking to preserve their own positions perhaps to the detriment of other creditors. The managers of sub-funds have erroneously been using the assets of the fund as if they were the assets of the sub-funds and not the funds to the causing the Company financial damage.
5. The Directors and Shareholders of the Company therefore wish to act without delay to preserve the assets of the Company.
6. In light of the above and the matters more fully set out in evidence in support of this Application, the Company is insolvent within the meaning of the relevant provisions of the Act and hereby applies for the appointment of the Proposed Joint Liquidators pursuant to sections 159(1)(a) and 162(1)(a) of the Act. In the alternative, the Company considers that it is just and equitable the Company be would up and Proposed Liquidators appointed pursuant to Sections 159(1)(a) and 162(1)(b) of the Act.
7. To the best of the Company's knowledge and belief, the Proposed Joint Liquidators are eligible to act as insolvency practitioners in relation to the Company and have consented to do so.

The names and addresses of the persons on whom it is intended to service the application are as follows:

It is not intended to serve the application on any person.

The names and address of any persons required to be given notice of this application pursuant to the Act and the Rules (if any) are as follows:-

NONE



Legal Practitioners of the Applicant

Dated: 27/6/2022

The Court Office is located in the Registry of the High Court, 2nd Floor of the SAKAL Building, Wickam's Cay, PO Box 418, Road Town, Tortola, British Virgin Islands,
Telephone Number: +284 468-5001 or +294 468 4909. Email: supremecourt@gov.vg or commercialdivision@gov.vg. The Court Office is open between 9.00am and 3.00pm Monday to Friday except public holidays.

Exhibit 6

CLAIM NO. BVIHC (COM) 2022/0119

IN THE MATTER OF THREE ARROWS CAPITAL LTD

AND IN THE MATTER OF SECTIONS 159(1) AND 162(1)(a) AND (b) OF THE INSOLVENCY ACT 2003

BETWEEN:

THREE ARROWS CAPITAL LTD

APPLICANT

CLAIM NO. BVIHC (COM) 2022/0117

IN THE MATTER OF THREE ARROWS CAPITAL LTD

AND IN THE MATTER OF SECTIONS 159(1) AND 162(1)(a) INSOLVENCY ACT 2003

BETWEEN:

DRB PANAMA INC.

APPLICANT

-V-

THREE ARROWS CAPITAL LTD

RESPONDENT

ORDER

BEFORE The Honourable Mr Justice Jack
DATED 27 June 2022
ENTERED 29 June 2022

UPON the Application of **Three Arrows Capital Ltd** (the "**119 Applicant**", the "**Company**"), a company, for the appointment of Joint Liquidators dated 27 June 2022 coming on for hearing in BVIHC(COM)2022/0119 (the "**TAC Application**")

AND UPON the Court noting that an application filed by a creditor of the Company, DRB Panama Inc (**"DRB"**), to appoint Joint Provisional Liquidators and thereafter Liquidators had been filed on 24 June 2022 in Claim BVIHC(COM)2022/0117, supported by the First Affidavit of Jos van Griensven sworn on 24 June 2022 and the exhibit "JVG-1" thereto (the "**DRB Application**")

AND UPON READING the First Affidavit of Robert Gardner sworn on 27 June 2022 and the First Unsworn Affidavit of Kyle Livingston Davies and Exhibit "KD-1" and the First Affidavit of Edmond Fung sworn on 27 June 2022 and the exhibit thereto, in support of the TAC Application.

AND UPON the Court being satisfied that there is no party on whom the Company is required to serve the TAC Application and therefore the TAC Application should be heard urgently *ex parte* pursuant to Insolvency Rule 21

AND UPON NOTING the written Resolution of the shareholders of the Company to the making of this Application and the written resolution of the Company dated 26 June 2022

AND UPON READING the affidavits of Nima H Mohebbi and Charles McGarraugh, filed in support of the DRB Application.

AND UPON NOTING the two creditors of the Company, Chen Kaili Kelly and Zhu Su and the evidence in respect of debts owed to each of them

AND UPON NOTING the supporting creditors in the DRB Application

AND UPON NOTING that neither the Company nor DRB opposed the appointment of Joint Liquidators in principle and that the only matter to be determined at the hearing is the identity of the joint liquidators

AND UPON NOTING that the Court had power under CPR 26.1(2)(b) and/or its inherent jurisdiction to consolidate BVIHC(COM)2022/0119 and BVIHC(COM)2022/0117

AND UPON hearing Lisa Walmisley for the Company, Grant Carroll, Counsel for the applicant in the DRB Application and Callum McNeil, for a supporting creditor in the DRB Application.

IT IS ORDERED that:

1. Claims BVIHC(COM)2022/0119 and BVIHC(COM)2022/0117 shall be consolidated under Claim No: BVIHC(COM)2022/0119.

2. Russell Crumpler and Christopher Farmer of Teneo (BVI) Limited, 3rd Floor, Banco Popular Building, Road Town, Tortola, VG-1110, British Virgin Islands be appointed as joint liquidators of the Company as at 15.10 (together, the "**Liquidators**" or "**Joint Liquidators**") with the power to act jointly or severally.

3. The DRB Applicant shall file a pro-forma application in BVIHC(COM)2022/0119 for the appointment of the Liquidators as joint liquidators of the Company.

4. The Liquidators may exercise all those powers set out in section 186 and Schedule 2 of the Insolvency Act 2003 and as set out in the annex to this Order.

5. The Joint Liquidators shall, at the date of this Order have sanction to:

(a) commence, continue, discontinue or defend any claim, action or legal proceeding in the United States of America ("**US**") as they see fit;
(b) commence proceedings pursuant to Chapter 15 of US Bankruptcy Code as they deem appropriate; and
(c) seek recognition of this order in any jurisdiction as the Joint Liquidators may deem appropriate.

6. Pursuant to section 165 of the Insolvency Act 2003, advertisement of the TAC Application is dispensed with;

7. The Liquidators shall advertise notice of their appointment in the BVI Gazette;

8. In order to safeguard the value of the Company's assets from market volatility, the Joint Liquidators shall be entitled to convert any cryptocurrencies into US dollars or into USD coin (USDC) or Tether (USDT), being cryptocurrencies pegged to the US dollar, as they see fit.

9. The costs of the liquidation, including the proper fees and disbursements of the Liquidators, be paid out of the assets of the Company in priority to all other claims.

10. The Liquidators may draw down payments on account of their remuneration, expenses and disbursements from time to time at a rate of 80% of their time costs and 100% of their expenses and disbursements, subject to these being subsequently approved by the Court, and in the event that such sums are not approved, the unapproved sums be prepaid to the estate within 7 days

11. The costs of the TAC Application and the DRB Application (including those of supporting creditors) shall be paid as an expense in the liquidation.

BY ORDER OF THE COURT

Dep. ~~THE~~ REGISTRAR

ANNEX 1

Schedule 2 of Insolvency Act 2003

POWERS OF LIQUIDATOR

(Section 186)

WITH SANCTION OF THE COURT

1 Power to pay any class of creditors in full.

2 Power to make a compromise or arrangement with creditors or persons claiming to be creditors, or having or alleging that they have any claim against the Company, whether present or future, certain or contingent, ascertained or not.

3 Power to compromise, on such terms as may be agreed

(a) calls and liabilities to calls, debts and liabilities capable of resulting in debts, and claims, whether present or future, certain or contingent, ascertained or not, subsisting or supposed to subsist between the Company and any person; and

(b) questions in any way relating to or affecting the assets or the liquidation of the Company;

and take security for the discharge of any such call, debt, liability or claim and give a complete discharge in respect of it.

4 Power to commence, continue or defend any action or other legal proceedings in the name and on behalf of the Company.

WITHOUT SANCTION OF THE COURT

5 Power to carry on the business of the Company so far as may be necessary for its beneficial liquidation.

6 Power to sell or otherwise dispose of property of the Company.

7 Power to do all acts and execute, in the name and on behalf of the Company, any deeds, receipts or other document.

8 Power to use the Company's seal.

9 Power to prove, rank and claim in the bankruptcy, liquidation, insolvency or sequestration of any member or past member for any balance against his estate, and to receive dividends, in the bankruptcy, liquidation, insolvency, sequestration or in respect of that balance, as a separate debt due from the bankruptcy or insolvent, and rateably with the other separate creditors.

10 Power to draw, accept, make and endorse any bill of exchange or promissory note in the name and on behalf of the Company with the same effect with respect to the Company's liability as if the bill or note had been drawn, accepted, made or indorsed by or on behalf of the Company in the course of its business.

11 Power to borrow money, whether on the security of the assets of the Company or otherwise.

12 Power to take out in his official name letters of administration to any deceased member or past member or debtor, and to do any other act necessary for obtaining payment of any money due from a member or past member or debtor, or his estate, that cannot conveniently be done in the name of the Company.

For the purpose of enabling the liquidator to take out letters of administration or do any other act under this paragraph, to be due to the liquidator himself.

13 Power to call meetings of creditors or members for

(a) the purpose of informing creditors or members concerning the progress of or matters arising in the liquidation;

(b) the purpose of ascertaining the views of creditors or members on any matter arising in the liquidation; or

(c) such other purpose connected with the liquidation as the liquidator considers fit.

14 Power to appoint a solicitor, accountant or other professionally qualified person to assist him in the performance of his duties.

15 Power to appoint an agent to do any business that the liquidator is unable to do himself, or which can be more conveniently done by an agent.

CLAIM NO. BVIHC (COM) 2022/0119

IN THE MATTER OF THE INSOLVENCY ACT 2003
IN THE MATTER OF THREE ARROWS CAPITAL LTD

BETWEEN:

THREE ARROWS CAPITAL LTD

APPLICANT

CLAIM NO. BVIHC (COM) 2022/0117

IN THE MATTER OF THE INSOLVENCY ACT 2003
IN THE MATTER OF THREE ARROWS CAPITAL LTD

BETWEEN:

DRB PANAMA INC.

APPLICANT

-V-

THREE ARROWS CAPITAL LTD

RESPONDENT

ORDER

BEDELL CRISTIN

Legal Practitioners for the Applicant

Mandar House, Johnson's Ghut,

PO Box 2283, Road Town,

Tortola, British Virgin Islands,

Tel: +1 284 495 5700

lisa.walmisley@bedellcristin.com

Ref: LW/139480.0001

THIS IS THE EXHIBIT MARKED "**RC-18**"

REFERRED TO IN

THE 1ST AFFIDAVIT

OF **RUSSELL CRUMPLER**

AFFIRMED BEFORE ME

IN THE BRITISH VIRGIN ISLANDS

ON

THIS 8th DAY OF July 2022

BEFORE ME

A NOTARY PUBLIC

LORRAINE A. Y. LA ROSE
Notary Public
The Virgin Islands *(UK)*
My commission expires: 31st January 2023

VIGILATE NOTARIES
PO Box 2097, Road Town
Tortola, British Virgin Islands
Tel: (284) 345 5800 | www.vigilatenotaries.com

NOTARY PUBLIC

Date of Appointment	Last Name/Former Last Name (if any), including Maiden Name/Corporate Name *(specify if reserved director)*	First Name/Former First Name (if any) (including Middle Name in full)	Nationality including other Nationality/ Company Registration No.	Date and Place of Birth *(for individuals)* Date and Place of Incorporation *(for companies)*	Residential/ Registered or Principal Office	Address for Service of Documents *(for individuals)*	Date of Ceasing to Act
3-May-12	ZHU	Su	Singaporean	2-Apr-87	238 Orchard Road #36-08,	238 Orchard Road #36-08,	30-Oct-15
				China	Singapore 237973	Singapore 237973	
3-May-12	DAVIES	Kyle Livingston	Italian	14-May-87	104 Emerald Hill Road	104 Emerald Hill Road	14-Feb-20
				U.S.A.	Singapore 229380	Singapore 229380	
30-Oct-15	DUBOIS	Mark James	South African	25-Mar-47	Soldier Hill	Soldier Hill	
				South Africa	Tortola, VG1110	Tortola, VG1110	
					British Virgin Islands	British Virgin Islands	
30-Oct-15	TERHUNE	Hannah Marion	American	21-Aug-63	Blakiston Lane	Blakiston Lane	22-Dec-17
				U.S.A.	Warwick MD 21912	Warwick MD 21912	
					USA	USA	
22-Dec-17	Elfwood Limited		BVI NO. 664752	5-Jul-05	1st Floor Columbus Centre		30-Apr-19
				Virgin Islands, British	Road Town, Tortola VG1110		
					British Virgin Islands		
14-Feb-20	Zhu	Su	Singapore Citizen	2-Apr-87	26 Balmoral Road	26 Balmoral Road	
				China	Goodwood Grand	Goodwood Grand	
					Singapore 259827	Singapore 259827	

NAME OF COMPANY: **Three Arrows Capital, Ltd**

COMPANY NO.: **1710531**

REGISTER OF DIRECTORS

Important Notes: (i) Directors must be appointed within 6 months from the date of incorporation of the Company and an original or a copy of the updated register of directors provided to the Registered Agent (RA) to be kept at the registered office. (ii) a copy of the register must be provided to the RA within **15 days of any change.** (iii) A copy of the register must also be be filed with the Registrar of Companies (ROC) within **21 days of the first appointment of directors** and any change filed with the ROC within **30 days of the changes.** (iv) If the register of directors is not kept at the registered office, the Company must inform the RA where the register is kept and any change to the location must be advised to the RA **within 14 days.**

Date of Appointment	Last Name/Former Last Name (if any), including Maiden Name/Corporate Name *(specify if reserved director)*	First Name/Former First Name (if any) (including Middle Name in full)	Nationality including other Nationality/ Company Registration No.	Date and Place of Birth *(for individuals)* Date and Place of Incorporation *(for companies)*	Residential/ Registered or Principal Office	Address for Service of Documents *(for individuals)*	Date of Ceasing to Act
18-Feb-20	Pau	Cheuk Yao	Chinese	31-Aug-81	Flat F, 8/F Merry Court	Flat F, 8/F Merry Court	19-Aug-21
				Hong Kong	10 Castle Road	10 Castle Road	
					Hong Kong	Hong Kong	
19-Aug-21	DAVIES	Kyle Livingston	Singaporean	14-May-87	13 Ocean Way #06-39	13 Ocean Way #06-39	
				U.S.A.	Singapore 098373	Singapore 098373	

I hereby certify that this document is a true copy of the original as seen.

Full Name: Sandra WU
Location of certification: Hong Kong
Address: Suite 904, 9/F, No. 93 – 103 Wing Lok Street, Sheung Wan, Hong Kong
Date of certification: Sep 14, 2021
Position: Solicitor (License no. S013188)
Contact No.: +852 6086 9770

NAME OF COMPANY: **Three Arrows Capital, Ltd**

COMPANY NO.: **1710531**

REGISTER OF DIRECTORS

Important Notes: (i) Directors must be appointed within 6 months from the date of incorporation of the Company and an original or a copy of the updated register of directors provided to the Registered Agent (RA) to be kept at the registered office. (ii) a copy of the register must be provided to the RA within **15 days of any change.** (iii) A copy of the register must also be be filed with the Registrar of Companies (ROC) within **21 days of the first appointment of directors** and any change filed with the ROC within **30 days of the changes.** (iv) If the register of directors is not kept at the registered office, the Company must inform the RA where the register is kept and any change to the location must be advised to the RA **within 14 days.**

THIS IS THE EXHIBIT MARKED "**RC-19**"

REFERRED TO IN

THE 1ST AFFIDAVIT

OF **RUSSELL CRUMPLER**

AFFIRMED BEFORE ME

IN THE BRITISH VIRGIN ISLANDS

ON

THIS 8th DAY OF July 2022

BEFORE ME

A NOTARY PUBLIC

LORRAINE A. Y. LA ROSE
Notary Public
~~The Virgin Islands (UK)~~
My commission expires: 31st January 2023

VIGILATE NOTARIES
PO Box 2097, Road Town
Tortola, British Virgin Islands
Tel: (284) 345 5800 | www.vigilatenotaries.com

1122

Enforcement Actions Media Releases

Published Date: 30 June 2022

MAS Reprimands Three Arrows Capital for Providing False Information and Exceeding Assets Under Management Threshold

Singapore, 30 June 2022…The Monetary Authority of Singapore (MAS) today reprimanded Three Arrows Capital Pte. Ltd. (TAC) for providing false information to MAS and exceeding the assets under management (AUM) threshold allowed for a registered fund management company (RFMC).

2. In August 2013, TAC obtained its RFMC status which allowed it to carry on fund management business with no more than 30 qualified investors and manage assets of no more than S$250 million. TAC novated the management of the only fund it managed to an offshore entity in the British Virgin Islands on 1 September 2021. While it resumed management of a portion of the fund's assets in February 2022, TAC notified MAS on 29 April 2022 of its intent to cease fund management activity in Singapore with effect from 6 May 2022.

3. The reprimand relates to contraventions by TAC which occurred prior to its notification to MAS in April 2022. MAS has been investigating these contraventions since June 2021. The contraventions, under the Securities and Futures Act 2001 (SFA) and the Securities and Futures (Licensing and Conduct of Business) Regulations (SFR), are as follows:

- **Failure to ensure that information provided to MAS is not false or misleading**. TAC had represented to MAS that it had novated the management of its fund to an unrelated offshore entity with effect from 1 September 2021. However, this representation was misleading as TAC and the offshore entity shared a common shareholder, Mr Su Zhu, who is also a director of TAC. (Section 329(1) of the SFA).

- **Failure to notify MAS of changes to directorships and shareholdings.**TAC failed to inform MAS within the required timeline of changes in the directorships and shareholdings of its directors, Mr Su Zhu and Mr Kyle Livingston Davies. (Paragraph 5(7I)(a) of the Second Schedule to the SFR).

- **Prolonged breach of the AUM threshold.**TAC exceeded its allowable AUM of S$250 million for a RFMC between July 2020 and September 2020 and between November 2020 and August 2021. (Paragraph 5(7F) of the Second Schedule to the SFR).

4. In light of recent developments which call into question the solvency of the fund managed by TAC, MAS is assessing if there were further breaches by TAC of MAS' regulations.

*****

Additional Information

- Section 329(1) of the SFA states that any person who provides MAS with any information under the SFA must use due care to ensure that the information is not false or misleading in any material particular.

- Paragraph 5(7I)(a) of the Second Schedule to the SFR states that a RFMC shall lodge with MAS a notice of change of particulars in Form 23A providing any change in the particulars in the notice lodged under sub-paragraph (7) of the Second Schedule to the SFR, not later than 14 days after the date of the change.

- Paragraph 5(7F) of the Second Schedule to the SFR states that the total value of the managed assets of a RFMC shall not at any time exceed S$250 million.

*****

1123

THIS IS THE EXHIBIT MARKED "**RC-20**"

REFERRED TO IN

THE 1ST AFFIDAVIT

OF **RUSSELL CRUMPLER**

AFFIRMED BEFORE ME

IN THE BRITISH VIRGIN ISLANDS

ON

THIS 8th DAY OF July 2022

BEFORE ME

A NOTARY PUBLIC

LORRAINE A. Y. LA ROSE
Notary Public
~~The Virgin Islands (UK)~~
My commission expires: 31st January 2023

VIGILATE NOTARIES
PO Box 2097, Road Town
Tortola, British Virgin Islands
Tel: (284) 345 5800 | www.vigilatenotaries.com

From: Nichol Yeo <nicholyeo@solitairellp.com>
Sent: Thursday, 30 June 2022 1:47 PM
To: Muhammed Ismail NOORDIN
Cc: Christopher Farmer; WongPartnership Project Tether; Manoj Pillay SANDRASEGARA; 3acliquidation@teneo.com
Subject: Re: 3AC - Contact details of directors
Attachments: 30logo-120x106px_f04d9e06-d3db-4be7-b231-1b68e37aff4e.png

USE CAUTION: External Email

Hi Ismail

I just checked but haven't heard back with any news.

Regards

Nichol Yeo
SOLITAIRE LLP

11 Beach Road #05-02, Singapore 189675

E: nicholyeo@solitairellp.com | T: + 65 6789 1369 | M: +65 8366 8666 | W: https://www.solitairellp.com/

On Thu, 30 Jun 2022, 12:46 Muhammed Ismail NOORDIN, <MuhammedIsmail.KONoordin@wongpartnership.com> wrote:

> Thank you, Nichol.
>
> If you have any of the former directors' contact information, including emails outside of the 3AC email domain, please do let us have them.
>
> Please also let us know if the progress of having someone from Three Arrows Capital Ltd to open up the Suntec office for the liquidators. Please assist to convey that this is urgent and needs to be done within the next few hours. Thank you.
>
> Regards
> Ismail
>
> Muhammed Ismail NOORDIN
> Senior Associate

WongPartnership LLP
12 Marina Boulevard Level 28
Marina Bay Financial Centre Tower 3
Singapore 018982

d +65 65173760 | **t** +65 64168000 | **f** +65 65325722
e MuhammedIsmail.KONoordin@wongpartnership.com
wongpartnership.com | Connect with us on LinkedIn

From: Nichol Yeo <nicholyeo@solitairellp.com>
Date: Thursday, 30 Jun 2022, 12:41 PM
To: Muhammed Ismail NOORDIN <MuhammedIsmail.KONoordin@wongpartnership.com>
Cc: Christopher Farmer <Christopher.Farmer@teneo.com>, WongPartnership Project Tether <Project.Tether@wongpartnership.com>, Manoj Pillay SANDRASEGARA <manoj.sandra@wongpartnership.com>
Subject: Re: 3AC - Contact details of directors

USE CAUTION: External Email

Hi Ismail Kyle's email is kyle@threearrowscap.com and management@threearrowscap.com.

Regards

Nichol Yeo
SOLITAIRE LLP

11 Beach Road #05-02, Singapore 189675

E: nicholyeo@solitairellp.com | T: + 65 6789 1369 | M: +65 8366 8666 | W: https://www.solitairellp.com/

On Thu, 30 Jun 2022, 12:28 Muhammed Ismail NOORDIN, <MuhammedIsmail.KONoordin@wongpartnership.com> wrote:

> Dear Nichol,
>
> Thank you for speaking earlier.
>
> As discussed, WongPartnership act for the liquidators of Three Arrows Capital Ltd. I've copied one of the joint liquidators, Chris here as requested.
>
> As you had mentioned, please provide us with the correspondence which would provide the liquidators with the contact information of the directors.
>
> As discussed, please also assist to arrange for someone from Three Arrows Capital Ltd to open up the Suntec office for the liquidators. Please let us have and update on this urgently.
>
> Thank you.
>
> Regards

Muhammed Ismail NOORDIN
Senior Associate

WongPartnership LLP
12 Marina Boulevard Level 28
Marina Bay Financial Centre Tower 3
Singapore 018982

d +65 65173760 | **t** +65 64168000 | **f** +65 65325722
e MuhammedIsmail.KONoordin@wongpartnership.com
wongpartnership.com | Connect with us on LinkedIn

THIS IS THE EXHIBIT MARKED "**RC-21**"

REFERRED TO IN

THE 1ST AFFIDAVIT

OF **RUSSELL CRUMPLER**

AFFIRMED BEFORE ME

IN THE BRITISH VIRGIN ISLANDS

ON

THIS 8th DAY OF July 2022

BEFORE ME

A NOTARY PUBLIC

LORRAINE A. Y. LA ROSE
Notary Public
~~The Virgin Islands *(UK)*~~
My commission expires: 31st January 2023

VIGILATE NOTARIES
PO Box 2097, Road Town
Tortola, British Virgin Islands
Tel: (284) 345 5800 | www.vigilatenotaries.com

From: Christopher Anand Daniel <christopher@advocatus.sg>
Sent: Friday, 8 July 2022 10:34 PM
To: Nathan Bickley-May; Russell Crumpler
Cc: Harjean Kaur; Christopher Farmer; 3ACLiquidation; Muhammed Ismail NOORDIN; WongPartnership Project Tether; Joel Gustafsson
Subject: Three Arrows Capital, Ltd (in liquidation) ("Company")

USE CAUTION: External Email

Dear Russell,

Further to our call earlier this evening, I'm still taking instructions, but despite it being a public holiday in Singapore, can we touch base at 7 pm, Singapore time, on Monday, 11 July 2022?

I will try in the meantime to see if I can get to you some of the information you asked for today.

Warm regards,

Christopher Anand Daniel
Managing Partner

Advocatus Law LLP
08-01 EFG Bank Building,
25 North Bridge Road, S179104
T: +65 6603 9200 | F: +65 6603 9211 |
W: www.advocatus.sg |
D: +65 6603 9201 | M: +65 9667 2258 |
E: christopher@advocatus.sg |

From: Nathan.Bickley-May@teneo.com
Sent: 8 July 2022 5:10 PM
To: christopher@advocatus.sg; Russell.Crumpler@teneo.com
Cc: harjean@advocatus.sg; Christopher.Farmer@teneo.com; 3ACLiquidation@teneo.com; MuhammedIsmail.KONoordin@wongpartnership.com; Project.Tether@wongpartnership.com; Joel.Gustafsson@teneo.com
Subject: RE: Three Arrows Capital, Ltd (in liquidation) ("Company")

Thank you Christopher. Look forward to speaking shortly.

Kind regards

Nathan Bickley-May
Associate Director, Financial Advisory

Teneo
19 Par-La-Ville Road, 3rd Floor
Hamilton HM 11, Bermuda
O: +1441 534 1285
M: Nathan.Bickley-May@teneo.com

teneo.com

1130

From: Christopher Daniel <christopher@advocatus.sg>
Sent: Friday, 8 July 2022 4:02 am
To: Russell Crumpler <Russell.Crumpler@teneo.com>
Cc: Harjean Kaur <harjean@advocatus.sg>; Christopher Farmer <Christopher.Farmer@teneo.com>; 3ACLiquidation <3ACLiquidation@teneo.com>; Muhammed Ismail NOORDIN <MuhammedIsmail.KONoordin@wongpartnership.com>; Nathan Bickley-May <Nathan.Bickley-May@teneo.com>
Subject: Three Arrows Capital, Ltd (in liquidation) ("Company")

Thanks Russell.

The zoom details are:

https://us02web.zoom.us/j/85916144428?pwd=WVRhVld1eHl2cXNBUjZDcGtGZmJFdz09

Meeting ID: 859 1614 4428
Passcode: 585227

I look forward to speaking.

Warm Regards,

Christopher Anand Daniel
Managing Partner

Advocatus Law LLP
08-01, 25 North Bridge
25 North Bridge Road
Singapore 179104

T +65 6603 9200 | **D** +65 6603 9201 | **E** christopher@advocatus.sg
M +65 9667 2258 | **F** +65 6603 9211 | **W** www.advocatus.sg

From: Russell Crumpler <Russell.Crumpler@teneo.com>
Sent: Friday, 8 July 2022 12:05 PM

To: Christopher Daniel <christopher@advocatus.sg>
Cc: Harjean Kaur <harjean@advocatus.sg>; Christopher Farmer <Christopher.Farmer@teneo.com>; 3ACLiquidation <3ACLiquidation@teneo.com>; Muhammed Ismail NOORDIN <MuhammedIsmail.KONoordin@wongpartnership.com>; Nathan Bickley-May <Nathan.Bickley-May@teneo.com>
Subject: Re: Three Arrows Capital, Ltd (in liquidation) ("Company")

Christopher,

Please include Nathan, cc'd , on the invite. He will forward to anyone else we intend to have in attendance.

Thanks

Russell

Get Outlook for iOS

From: Christopher Daniel <christopher@advocatus.sg>
Sent: Thursday, July 7, 2022 23:15
To: Russell Crumpler <Russell.Crumpler@teneo.com>
Cc: Harjean Kaur <harjean@advocatus.sg>; Christopher Farmer <Christopher.Farmer@teneo.com>; 3ACLiquidation <3ACLiquidation@teneo.com>; Muhammed Ismail NOORDIN <MuhammedIsmail.KONoordin@wongpartnership.com>
Subject: Three Arrows Capital, Ltd (in liquidation) ("Company")

Thanks Russell.

Yes, 6 pm, Singapore time, today is fine. I will circulate dial-in details. Yes, my clients will be on this introductory call. Please let me know who will be on the call on your side.

In the meantime, I don't think that it is helpful to threaten applications to Court, and I hope that we can proceed in the spirit of cooperation that you spoke of in your earlier e-mail, and that you will refrain from making threats moving forward.

Warm Regards,

Christopher Anand Daniel
Managing Partner

Advocatus Law LLP
08-01, 25 North Bridge
25 North Bridge Road
Singapore 179104

T +65 6603 9200 | **D** +65 6603 9201 | **E** christopher@advocatus.sg
M +65 9667 2258 | **F** +65 6603 9211 | **W** www.advocatus.sg

From: Russell Crumpler <Russell.Crumpler@teneo.com>
Sent: Thursday, 7 July 2022 6:58 PM
To: Christopher Daniel <christopher@advocatus.sg>
Cc: Harjean Kaur <harjean@advocatus.sg>; Christopher Farmer <Christopher.Farmer@teneo.com>; 3ACLiquidation <3ACLiquidation@teneo.com>; Muhammed Ismail NOORDIN <MuhammedIsmail.KONoordin@wongpartnership.com>
Subject: Re: Three Arrows Capital, Ltd (in liquidation) ("Company")

Christopher,

We can speak at that time, although if you can do an hour later it would be appreciated (5pm is 5am here).

Please can you confirm that the principals will be available. We would obviously very much like to be able to stand down our need to make applications to the BVI Court.

Many thanks,

Russell

Get Outlook for iOS

From: Christopher Daniel <christopher@advocatus.sg>
Sent: Thursday, July 7, 2022 05:39
To: Russell Crumpler <Russell.Crumpler@teneo.com>
Cc: Harjean Kaur <harjean@advocatus.sg>; Christopher Farmer <Christopher.Farmer@teneo.com>; 3ACLiquidation <3ACLiquidation@teneo.com>; Muhammed Ismail NOORDIN <MuhammedIsmail.KONoordin@wongpartnership.com>
Subject: Three Arrows Capital, Ltd (in liquidation) ("Company")

Thanks Russell.

I see that you are suggesting a call at 8 pm, Singapore time, tonight. Apologies, but this is too short a notice, and I'm not able to get on this call tonight.

I suggest that we have a call at 5 pm, Singapore time, tomorrow, 8 July 2022. If you can, I will circulate the dial-in details. Do let me know urgently.

I should add that I've already briefly been in touch with Mr Ismail Noordin of WongPartnership LLP.

Warm Regards,

Christopher Anand Daniel
Managing Partner

Advocatus Law LLP
08-01, 25 North Bridge

25 North Bridge Road
Singapore 179104

1133

T +65 6603 9200 | **D** +65 6603 9201 | **E** christopher@advocatus.sg
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From: Russell Crumpler <Russell.Crumpler@teneo.com>
Sent: Thursday, 7 July 2022 10:21 AM
To: Christopher Daniel <christopher@advocatus.sg>
Cc: Harjean Kaur <harjean@advocatus.sg>; Christopher Farmer <Christopher.Farmer@teneo.com>; 3ACLiquidation <3ACLiquidation@teneo.com>; Muhammed Ismail NOORDIN <MuhammedIsmail.KONoordin@wongpartnership.com>
Subject: RE: Three Arrows Capital, Ltd (in liquidation) ("Company")

Dear Christopher,

Thank you for your email. We certainly appreciate that someone has now reached out to us on behalf of the principals.

We do of course welcome your clients' apparent intention to cooperate with the liquidation process. However, we do need to speak with them on an urgent basis, especially given their ongoing duties to the Company. We would request, therefore, that they make themselves available for a first call at 8pm Singapore time tomorrow – presumably there is no particular reason why they cannot talk to us at that time? We are not currently aware as to which jurisdiction your clients are located in, but would hope that this time allows them to join from any location.

We will circulate a dial-in shortly which we should be grateful if you can forward to them.

In the meantime, it's probably worth noting that we have instructed Wong Partners in Singapore. They will happily make themselves available for a call during your day. I have cc'd Ismail Noordin to this email and I am sure he would happy to discuss this with you. Alternatively, I am available for the next hour or so.

With respect to your clients potential claims into the liquidation estate, this is noted (and certainly not unusual in these circumstances). We will have one of our team forward the appropriate forms for registering these claims.

We look forward to hearing further from you.

Many thanks and kind regards,

Russell Crumpler
Senior Managing Director, Financial Advisory

Teneo
3rd Floor

Banco Popular Building
Road Town
Tortola, VG-1110

1134

M: +1 284 341 4814
E: russell.crumpler@teneo.com

teneo.com

From: Christopher Daniel <christopher@advocatus.sg>
Sent: Wednesday, July 6, 2022 9:41 PM
To: Russell Crumpler <Russell.Crumpler@teneo.com>
Cc: Harjean Kaur <harjean@advocatus.sg>; Christopher Farmer <Christopher.Farmer@teneo.com>; 3ACLiquidation <3ACLiquidation@teneo.com>
Subject: Three Arrows Capital, Ltd (in liquidation) ("Company")

Dear Sirs,

1. We act for Mr Zhu Su, and Mr Kyle Livingston Davies, and refer to your e-mails dated 28, and 30 June, and 1, and 6 July 2022 to our clients.

2. We have just been instructed, and will need time to respond substantively to your e-mails, and the letters, and documents attached to them. We note that the outset that you have stated that you are very keen to work with our clients in a cooperative manner to resolve issues, and ultimately, achieve the best possible returns for creditors, and work with our clients sensibly moving forward. Our clients welcome this, especially as they are themselves creditors of the Company. We will be in touch shortly, which we anticipate to be early next week. In the meantime, please feel free to let us know if you wish to have an introductory telephone call, or zoom meeting with us.

3. All our clients' rights are reserved.

Warm Regards,

Christopher Anand Daniel
Managing Partner

Advocatus Law LLP
08-01, 25 North Bridge
25 North Bridge Road
Singapore 179104

T +65 6603 9200 | **D** +65 6603 9201 | **E** christopher@advocatus.sg
M +65 9667 2258 | **F** +65 6603 9211 | **W** www.advocatus.sg

From: Russell Crumpler <Russell.Crumpler@teneo.com>
Sent: Wednesday, July 6, 2022 6:00:02 AM
To: Kyle Davies (Expired) <kyle.davies@threearrowscap.com>
Cc: 3ACLiquidation <3ACLiquidation@teneo.com>; Management <management@threearrowscap.com>; lisa.walmisley@bedellcristin.com <lisa.walmisley@bedellcristin.com>; edmond.fung@bedellcristin.com <edmond.fung@bedellcristin.com>; nicholyeo@solitairellp.com <nicholyeo@solitairellp.com>; Kyle Davies (Expired) <kyle.davies@threearrowscap.com>; Kyle Davies <kyle@threearrowscap.com>; Christopher Farmer <Christopher.Farmer@teneo.com>; Su Zhu <su.zhu@threearrowscap.com>; Ogier 3AC <Ogier3AC@ogier.com>
Subject: FW: Three Arrows Capital, Ltd (in liquidation) (the "Company")

Dear Mr. Davies,

Further to our various attempts to contact you, it has now become increasingly urgent that we speak. The liquidation of the Company, which was a step that we understand you had sought yourself, is now over a week old and we have not been able to establish communications with you.

Regrettably, if we don't hear from you in the next 24 hours we will be forced to take steps to more formally seek your cooperation.

We look forward to hearing from you.

Kind regards,

Russell Crumpler
Joint Liquidator

Russell Crumpler

Senior Managing Director, Financial Advisory

Teneo
3rd Floor
Banco Popular Building
Road Town

Tortola, VG-1110

M: +1 284 341 4814
E: russell.crumpler@teneo.com

teneo.com

1136

From: Christian Fay <Christian.Fay@teneo.com>
Sent: Friday, July 1, 2022 4:10 PM
To: kyle.davies@threearrowscap.com
Cc: 3ACLiquidation <3ACLiquidation@teneo.com>
Subject: FW: Three Arrows Capital, Ltd (in liquidation) (the "Company")

Dear Mr Davies,

Please find the attached letter from the joint liquidators of the Company and related attachments, which has also been sent to you via Mr Dubois as below.

Kindly confirm receipt of the letter.

We understand that you are currently compiling information/document in respect of our initial requests. We ask that you send any such information/documentation to us as and when it is available for our review. In addition, it is critical that we speak with you as soon as possible in respect of the liquidation. Please could you provide us with a convenient time to arrange a call. If you are being represented by legal counsel, either in your capacity as a director or former director of the Company, or in a personal capacity, please could you also provide their contact details.

Please let us know if you have any queries.

Kind regards,

Christian Fay

Consultant

Teneo
3rd Floor, Banco Popular Building
Road Town, Tortola VG-1110

teneo.com

From: Christian Fay
Sent: Wednesday, June 29, 2022 11:43 PM
To: mark.dubois@abm.vg
Cc: Christopher Farmer <Christopher.Farmer@teneo.com>; Russell Crumpler <Russell.Crumpler@teneo.com>; Lizanne Havenga <Lizanne.Havenga@teneo.com>
Subject: Three Arrows Capital, Ltd (in liquidation) (the "Company")

Dear Mr Dubois,

Please find attached letter from joint liquidators of the Company,

Kindly confirm receipt of the letter.

Please let us know if you have any queries.

Kind regards,

For and on behalf of the joint liquidators,

Christian Fay

Consultant

Teneo
3rd Floor, Banco Popular Building
Road Town, Tortola VG-1110

1137

teneo.com

We are pleased to announce that as of January 5, we have joined Teneo, the global CEO advisory firm. For more information about our comprehensive Financial Advisory offering, please visit teneo.com/service/financial-advisory.

Teneo

note that we reserve the right to review content of emails and instant messages passing through our IT systems. Calls may be recorded for quality and monitoring purposes. Please refer to our website at www.threearrowscap.com for any further Terms and Conditions

1138

_____

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This communication is for informational purposes only. Nothing herein should be construed as an attempt to effect any transaction in, or induce or attempt to induce the sale of, any security. Any such offer or solicitation may only be made by means of delivery of an offering memorandum and would be subject to applicable disclosure, documentation, registration and investor qualification requirements. Investment banking services are conducted by Teneo Capital LLC , including transactions by its subsidiary Teneo Securities LLC, a member of FINRA and SIPC. To view our privacy policy, click here.

We are pleased to announce that as of January 5, we have joined Teneo, the global CEO advisory firm. For more information about our comprehensive Financial Advisory offering, please visit teneo.com/service/financial-advisory.

Teneo

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We are pleased to announce that as of January 5, we have joined Teneo, the global CEO advisory firm. For more information about our comprehensive Financial Advisory offering, please visit teneo.com/service/financial-advisory.

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THIS IS THE EXHIBIT MARKED "**RC-22**"

REFERRED TO IN

THE 1ST AFFIDAVIT

OF **RUSSELL CRUMPLER**

AFFIRMED BEFORE ME

IN THE BRITISH VIRGIN ISLANDS

ON

THIS 8th DAY OF July 2022

BEFORE ME

A NOTARY PUBLIC

LORRAINE A. Y. LA ROSE
Notary Public
~~The Virgin Islands~~ *(UK)*
My commission expires: 31st January 2023

VIGILATE NOTARIES
PO Box 2097, Road Town
Tortola, British Virgin Islands
Tel: (284) 345 5800 | www.vigilatenotaries.com


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Attn:

THREE ARROWS FUND LTD

c/o THREE ARROWS CAPITAL PTE

3 Temasek


A/C No. 10001294946
June 1, 2022
THREE ARROWS CAPITAL LTD
7 Temasek Blvd,
21-04 Suntec Tower 1,
Singapore 038987
cg Canaccord Genuity

1148

Attention to:

THREE ARROWS FUND LTD

c/o THREE ARROWS CAPITAL PTE. LTD

7 Temasek Boulevard

#21-04, Suntec Tower 1

Singapore 038987

JWS
Asia Law
Corporation

BY HAND

1149

THREE ARROWS CAPITAL LTD

7 Temasek Boulevard, #21-04
Suntec Tower One, Singapore 038987

Attention: The Director(s) and Su Zhu


Singtel
If undelivered, please return to:
Singtel Orchard P.O.Box 399 Singapore 912314
MR ZHU SU
HOUSE 7 TEMASEK BOULEVARD
#21-04 SUNTEC TOWER ONE
SINGAPORE 038987

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OF **RUSSELL CRUMPLER**

AFFIRMED BEFORE ME

IN THE BRITISH VIRGIN ISLANDS

ON

THIS 8th DAY OF July 2022

BEFORE ME

A NOTARY PUBLIC

LORRAINE A. Y. LA ROSE
Notary Public
~~The Virgin Islands *(UK)*~~
My commission expires: 31st January 20 23

VIGILATE NOTARIES
PO Box 2097, Road Town
Tortola, British Virgin Islands
Tel: (284) 345 5800 | www.vigilatenotaries.com

TAB A

Three Arrows Capital Executives Launching Starry Night Capital NFT Fund

Nicholas Pongratz
September 1, 2021 · 1 min read

BeInCrypto –

Executives from Singapore-based fund manager Three Arrows Capital (3AC) have launched a fund dedicated to collecting premium non-fungible tokens (NFTs).

Three Arrows Capital's CEO, Su Zhu, and co-founder, Kyle Davies launched the fund, Starry Night Capital, with NFT collector Vincent Van Dough. According to Van Dough, "the best way to gain exposure to the cultural paradigm shift being ushered in by NFTs is owning the top pieces from the most desired sets."

Besides collecting premium NFTs, Van Dough listed other goals that the fund will aspire to. For instance, it hopes to launch a physical gallery in a major city by the end of the year. This will also help in ensuring works in its collection remain open to the public.

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MarketWatch

TAB B

The Defiant

NFT Fund Starry Night Goes Dark on SuperRare

Aleksandar Gilbert

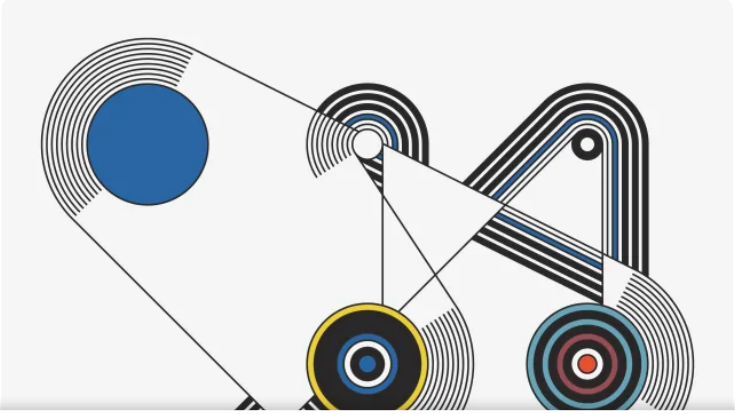
June 17, 2022 · 3 min read

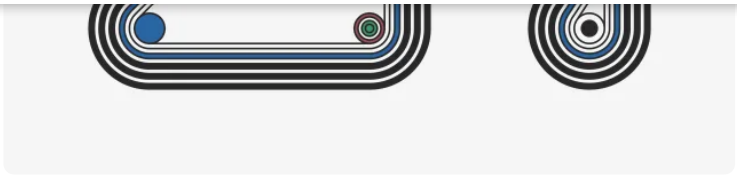
In another sign of distress at Three Arrows Capital, an affiliated fund that had scooped up dozens of high-priced NFTs has moved much of its multimillion dollar collection into a single wallet, prompting speculation of an upcoming fire sale.

That fund, Starry Night Capital, launched last summer with backing from Three Arrows. Famed NFT collector Vincent Van Dough was brought on as a partner and curator of the collection. As of Wednesday, its entire collection on NFT marketplace SuperRare had been moved into a new wallet and was no longer listed on the site.

The moves prompted speculation Starry Night was planning on selling its collection to cover massive losses incurred by Three Arrows during this bear market.

The collection includes, among other things, pieces from the famed Fidenza and Ringers series from the Art Blocks collection, worth hundreds of thousands of dollars apiece. “A slight lack of symmetry can cause so much pain,” by Dimitri Cherniak, was purchased last October for 800 ETH, worth more than $2M at the time.





A slight lack of symmetry can cause so much pain – Dimitri Cherniak

"Our thesis is simple, we believe the best way to gain exposure to the cultural paradigm shift being ushered in by NFTs is owning the top pieces from the most desired sets," the collector tweeted when introducing the fund.

'Drop in the Bucket'

Coinmetrics researcher Kyle Waters estimated the firm had spent $21M to amass its collection. In fact, the fund has accounted for one out of every ten dollars spent on SuperRare, the researcher said. That's a drop in the bucket, however, compared with the billions Three Arrows Capital was estimated to manage.

"You're talking about potentially, like, single digit millions – that really isn't really that much compared to some of the estimates out there around their assets under management – in the billions," Waters said.

Neither Vincent Van Dough nor Three Arrows responded to a request for comment.

Although the moves were odd, Waters said in an interview that he couldn't prove a sale was imminent.

"We can't tell how the two entities are linked, Three Arrows Capital and Starry Night, so they probably have different liquidity providers or different investors in the fund," he said. Such an arrangement, though unconfirmed, would make it difficult to use proceeds from selling Starry Night assets to pay back Three Arrows investors – something others on Twitter were quick to point out.

"But it struck me as highly unlikely to just be a coincidence this would happen right when 3ac was going through this in the market," Waters added.

If the collection were sold, Starry Night would likely incur heavy losses, Waters pointed out. Most of the pieces were acquired last summer and fall, during crypto's bull run. Prices have cratered since, meaning the fund would likely sell its art for a fraction of what it took to acquire.

"I suppose if they set the fund up correctly, 3AC could collapse and Starry Night remain unaffected as a solvent fund," tweeted Kaprekar_Punk. "But them moving pieces now doesn't look promising."