

Securities Commission of The Bahamas

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MEDIA RELEASE

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FOR IMMEDIATE RELEASE

Securities Commission of The Bahamas Secures Court Order For Right of Indemnity and Reimbursement

Nassau, The Bahamas, Monday 21 November 2022 - On 21 November 2022, the Securities Commission of The Bahamas (“the Commission”) obtained an Order from the Supreme Court of The Bahamas (the “Order”) to secure a right of indemnity and right to be reimbursed for expenses reasonably incurred by the Commission in connection with the regulatory action taken to safeguard the digital assets of FTX Digital Markets Ltd. (“FDM”).

As previously reported, on 12 November 2022, under the authority of an Order by the Supreme Court of The Bahamas, the Commission determined urgent action to safeguard the digital assets of FDM for the benefit of its customers and creditors was needed, and directed the transfer of certain digital assets to a digital wallet controlled by the Commission. The Order secured today confirms the Commission is entitled to be indemnified under the law and FDM shall ultimately bear the costs the Commission incurs in safeguarding those assets for the benefit of FDM’s customers and creditors, in a manner similar to other normal costs of administering FDM’s assets for the benefit of its customers and creditors. No payment(s), however, may be made to the Commission without prior approval of the Supreme Court.

The Commission will continue to evaluate the situation and, in cooperation with the court supervised joint provisional liquidators of FDM and with other supervisory authorities globally, take such actions as needed to preserve the assets of FDM and to safeguard the interests of customers and creditors of FDM.

The Commission is continuing to investigate the facts and circumstances regarding FTX’s liquidity crisis and its impact on the operations of FDM, a registered entity. The Commission will hold accountable any companies or individuals found responsible for the violation of any laws administered by the Commission.

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Editor’s Information:

1. The Securities Commission of The Bahamas (the Commission) is a statutory body established in 1995 pursuant to the Securities Board Act, 1995. That Act has since been repealed and replaced by new legislation.

2. The Commission's mandate is defined in the Securities Industry Act, 2011 (SIA, 2011).

3. The Commission is responsible for the administration of the SIA, 2011 and the Investment Funds Act, 2019 (IFA), which provides for the supervision and regulation of the activities of the investment funds, securities and capital markets.

4. The Commission is responsible for the administration of the Financial and Corporate Service Providers Act, 2020.

5. The Commission is responsible for the administration of the Digital Assets and Registered Exchanges Act, 2020.

6. The Commission is responsible for the administration of the Carbon Credit Trading Act, 2022.

7. The functions of the Commission are to:

- **advise the Minister on all matters relating to the capital markets and its participants;**
- **maintain surveillance over the capital markets and ensure orderly, fair and equitable dealings in securities;**
- **foster timely, accurate, fair and efficient disclosure of information to the investing public and the capital markets;**
- **protect the integrity of the capital markets against any abuses arising from financial crime, market misconduct and other unfair and improper practices;**
- **promote an understanding by the public of the capital markets and its participants and the benefits, risks, and liabilities associated with investing;**
- **create and promote conditions that facilitate the orderly development of the capital markets;**
and
- **perform any other function conferred or imposed on it by securities laws or Parliament (SIA, 2011, s.12).**