

Anxious Aussie FTX investors await creditor meeting for clarity

BUSINESS

The extent of local losses on the crypto exchange should be known next week following urgent action by administrator KordaMentha.

By [Josh Needs](#) • 18 November 2022 • 5 minute read

Almost 30,000 Australian investors in cryptocurrency exchange FTX will have to wait until a creditors' meeting on November 23 before they know how much they can recoup from the company's collapse, sources close to voluntary administrator KordaMentha said.

The administrator said it had taken control of both FTX Australia and its subsidiary FTX Express and it would report to stakeholders "as a matter of urgency".

KordaMentha restructuring partner Scott Langdon said its review was proceeding with the full cooperation of the crypto outfit.

"To date, FTX express and FTX Australia has been completely transparent, collaborative and co-operative," said Mr Langdon. "Our review of the companies is ongoing, and we will continue to provide customers with updates."

"We are working cooperatively with the directors to confirm the status quo and will report back to all stakeholders."

"We appreciate the uncertainty this creates for customers of FTX and will report to all customers as a matter of urgency."

The administrator had asked FTX Australia and FTX Express customers to suspend any deposits or trades until further notice.

Launched in March this year, FTX Australia and FTX express appointed KordaMentha as voluntary administrator after the collapse of the parent company amid concerns over transfers to an associated company and subsequent hacking of accounts.

High-profile co-founder and CEO Sam Bankman-Fried was found to be moving money from FTX to another of his firms, Alameda — a quantitative trading business — without alerting its internal account managers.

It was alleged that approximately US\$10 billion of FTX customers' money was transferred to the trading business as investors' accounts were frozen.

This discovery caused a widespread sell-off in FTX's underlying token FTT along with a rapid withdrawal of assets from the FTX exchange.

The cryptocurrency business was also targeted by a hack — which authorities determined was conducted by someone with access to the internal private keys of the FTX exchange — resulting in multiple accounts drained and more than US\$600 million taken.

On Wednesday 16 November ASIC suspended the Australian financial services licence of FTX Australia Pty Ltd until 15 May 2023 due to its being placed into voluntary administration.

ASIC said until 19 December FTX Australia could continue to provide limited financial services that were related to the termination of existing derivatives with clients.

The collapse of the cryptocurrency business has reignited calls for greater regulation of the industry and exchanges, with Australia striving to lead the world with a token-mapping project.

“We are closely monitoring the fallout from the FTX collapse, including further volatility in crypto asset markets and any spillovers into financial markets more broadly,” a spokesperson for Treasurer Jim Chalmers told *The Australian Financial Review*.

“These developments highlight the lack of transparency and consumer protection in the crypto market, which is why our government is taking action to improve the regulatory frameworks while still promoting innovation.”