

**Q&A on Three Arrows Capital, Ltd. (In Liquidation)**  
*As of November 3, 2022*

**General**

**1. What is Teneo’s role in the liquidation process?**

Following the collapse of Three Arrows Capital (“3AC”), Russell Crumpler and Christopher Farmer of Teneo (BVI) Limited were appointed as joint liquidators (“JL”) by the British Virgin Islands (“BVI”) court to conduct an orderly and equitable wind-down of the Company - with a duty to protect, collect and realize its assets for the benefit of all its creditors.

**2. Whose interests do the JLs represent?**

The duty of the JLs is to act for the creditors as a whole. The JLs will be seeking to conduct such efforts in a cooperative manner with 3AC directors and any other relevant parties to the greatest extent possible.

**3. What powers do the JLs have?**

The JLs are empowered to take full control of all of 3AC’s affairs, and the powers of 3AC’s directors have completely ceased. In the absence of voluntary cooperation by the directors, the JLs have statutory powers to compel the directors to provide information regarding 3AC.

**4. What is happening right now?**

The JLs’ key priority at this stage is to ensure that they are appropriately discharging their duties in accordance with the terms of the Order.

Due to the limited cooperation received from the co-founders of the Company, the JLs continue to re-create the Company’s books and record in order to ensure that they have all relevant information to assist in our investigations, are able to properly take control of assets identified and resolve any queries with respect to creditors’ claims. This all allows the JLs to maximize returns on behalf of all creditors.

**5. How long will the process take?**

This is an involved process and will take time. We are at the very initial stages of this Liquidation. We will endeavor to keep creditors updated with respect to the progress of the liquidation on a regular and timely basis.

**Chapter 15 Filing**

**6. What does the Chapter 15 filing in the U.S. mean?**

The Chapter 15 filing in the U.S. requests an order recognizing the BVI court’s appointment of the JLs, imposing an automatic stay of all proceedings against 3AC within the U.S., and makes U.S. courts available for other relief in support of the liquidation process. These actions create a level field for all creditors and allow the JLs to obtain evidence from witnesses, investigate transactions, recover assets, file actions, and bring claims in the U.S.

**7. What does being granted provisional relief mean for the JLs in the United States?**

On July 12, 2022, the United States Bankruptcy Court for the Southern District of New

York granted provisional relief requested by the JLs. The relief grants the following, among other things: (i) entrusts the administration and realization of the Debtor's assets located in the United States to the JLs; (ii) suspends the right to transfer, encumber or otherwise dispose of any such assets, subject to further order of the court; and (iii) authorizes the issuance of subpoenas on the Debtor's founders, and any other entities or persons that the JLs reasonably determine may have information relevant to 3AC's business. The provisional relief does not apply to the enforcement of security interests by secured creditors, as more fully described in the order.

### **Singapore Filing, July 15, 2022**

#### **8. What does being granted provisional relief mean for the JLs in Singapore?**

On July 15, 2022, the High Court of Singapore granted provisional relief to the JLs. This means that only the liquidators can carry out individual actions related to property, rights, obligations and liabilities of 3AC. The administration and realisation of all property and assets has now been entrusted to the liquidators. In addition, the order grants the power of cooperation and relief to the liquidators as if 3AC were a Singapore-incorporated company under liquidation in Singapore. This recognition helps empower the JLs to carry out their duties in Singapore in the best interests of creditors. The liquidators have not applied for a freezing injunction against the personal assets of 3AC's founders as part of this process.

#### **9. Can you describe your efforts to contact 3AC's principals?**

To date, with very limited exceptions, the directors of 3AC have not voluntarily responded to requests from the JLs for information and documents.

### **Creditors Meeting, July 18, 2022**

#### **10. What happened at the creditors meeting on July 18, 2022?**

In accordance with s179 of the Insolvency Act 2003 the Joint Liquidators held a meeting of creditors. Two resolutions were tabled and voted on by the creditors present either in person or by proxy. The first resolution was a vote to decide whether or not to make an application to the BVI Court to replace the Joint Liquidators with different liquidators. The Creditors voted against making such an application to the BVI Court.

The second resolution was a vote to decide whether or not to establish a creditors' committee, and if yes, to proceed to vote on the identity of the members of the creditors committee. The creditors voted in favor of establishing a creditors committee, and a committee comprising five of the creditors has been formed. In addition to the above resolutions, an update on the progress of the liquidation was provided to creditors.

#### **11. Who has been selected to participate as a member of the creditors' committee?**

Under BVI statute, a creditors' committee must consist of between three and five members. The following creditors were voted in as members of the creditors committee: Voyager Digital, Digital Currency Group, CoinList, Blockchain.com, and Matrixport.

#### **12. What is the role of the creditors' committee in a BVI liquidation process?**

The creditors' committee works closely with the JLs to support the interests of all creditors through each stage of the insolvency. The creditors committee consults with the JLs. To the best of the JLs' knowledge, no one on the creditors' committee is related to or

connected to the founders / principals of 3AC.

**13. What are the next steps following the first creditor meeting?**

Following the first meeting of creditors, the JLs will work to keep creditors updated as much as possible with respect to the progress of the liquidation. The JLs will continue to carry out their duties of identifying, protecting and realizing assets of 3AC, together with ascertaining the reasons for the insolvency of 3AC and considering any steps to be taken thereafter. The next material update to unsecured creditors will be the BVI statutory 60-day report.

**Creditors**

**14. When will we receive further updates on the liquidation process?**

As set out in the 60 Day report to Creditors, the JLs will aim to provide a further update shortly – they are currently targeting early December for such an update.

**15. When can we expect to receive a distribution?**

The JLs continue to aim to make a distribution as soon as it is appropriate to do so. In order for that to occur, they will need to have collected in sufficient assets to:

- (a) ensure future costs and potential recovery actions can be appropriately funded;
- (b) cover the costs of adjudicating creditors' claims; and
- (c) make a distribution worthwhile.

However, the JLs do believe that there will be distributions in due course and, therefore, plan to take steps over the next few months to start the adjudication of the unsecured creditors' claims. Note that, with respect to certain technical aspects of the claims adjudication process, it may be necessary to seek guidance from the BVI Court. The JLs are actively considering such matters at this time and note that, where appropriate and/or necessary, they will ensure (relevant) creditors are on notice of such applications.

Note that under section 209 (6A) of the Virgin Islands Insolvency Act 2003 the JLs are not required to admit or reject claims by unsecured creditors until such time it appears to him that there are sufficient assets within the estate to enable a distribution. The JLs will, therefore, proceed to adjudicate claims for the purpose of any potential future distributions as soon as there are sufficient assets available in the estate. Distribution(s) will take place after formal claim adjudications have been concluded.

The JLs, therefore, request that any creditor who has been asked to provide further information to do so as soon as possible to [3ACLiquidation@teneo.com](mailto:3ACLiquidation@teneo.com).

**16. I have not submitted a claim form but would like to receive updates regarding the Company's liquidation.**

In accordance with section 209 of the Act, an unsecured creditor may make a claim against a company in liquidation by submitting to the liquidator a written claim, signed by him or on his behalf.

Until such time as a claim is properly made into the liquidation estate, the JLs are not able to treat you as a creditor. We are, therefore, unfortunately unable to provide you with further information relating to the Company's liquidation.

### **U.S. Bankruptcy Court Hearing, July 28, 2022**

#### **17. What happened at the hearing in U.S. Bankruptcy Court on July 28, 2022?**

The Joint Liquidators submitted a Chapter 15 Petition for Recognition of the liquidation as a Foreign Main Proceeding, which was approved by the Court. The relief will allow the JLs to preserve the status quo and stay any efforts by individual creditors to attach new liens, which creates an opportunity to stabilize the Debtor's estate, preserve the Debtor's assets, and conduct a complete investigation of the Debtor, claims against its estate, and its assets. The JLs are confident that this relief will support an orderly, value-maximizing liquidation of the Debtor's assets for the benefit of *all* creditors.

#### **18. What are some of the recent efforts taken by the Joint Liquidators to advance the investigation?**

The JLs provided an update during the hearing that since the grant of provisional relief in the U.S. and Singapore, they have formally served a number of banks and exchanges with subpoenas to initiate discovery regarding 3AC's business, affairs and assets. Additionally, the JLs have sent emailed subpoenas to the counsel for 3AC's founders requesting that they accept service on behalf of their client, though counsel refused. The JLs informed the court that they will likely be seeking additional relief related to discovery from the founders.

### **Singapore Court Hearing, August 22, 2022**

#### **19. What happened at the hearing in the Singapore Court on August 22, 2022?**

In line with the Chapter 15 Order granted in the US Bankruptcy Court in July 2022, the Singapore Court recognized the liquidation proceedings in the BVI as the Foreign Main Proceeding. This entrusts the Joint Liquidators with the proper authority to advance the proceedings for Three Arrows Capital – including the administration and realization of all the company's property and assets – and recognizes them as foreign representatives of the company in Singapore.

#### **20. What happened at the hearing in the Singapore Court on September 19, 2022?**

During a recent recognition hearing on August 22, 2022, where the BVI liquidation proceeding was officially recognised as the 'Foreign Main Proceeding' and the Joint Liquidators (JLs) named as foreign representatives of Three Arrows Capital in Singapore, some specific aspects of the hearing were held over to be heard in the Singapore Court at a later date. This was mainly in regard to whether the duty of cooperation imposed on relevant parties in a domestic liquidation (as is available to a local liquidator under the [Singapore Insolvency, Restructuring and Dissolution Act 2018](#)) should also apply with regard to recognised foreign proceedings, such that these parties also have a duty to cooperate with the investigative efforts of the foreign representatives. On September 19, 2022 the Singapore Court confirmed its previous provisional order that imposed such a duty of cooperation. In short, the Singapore Court's latest order imposes a duty of

cooperation on certain parties, and if no cooperation is forthcoming, empowers the JLs to seek an injunction from the Singapore Court to compel cooperation.

### **Feeder Fund Investors**

#### **21. I am an investor of the Feeder Fund. What should I do? Will I be entitled to any distributions from the liquidation?**

Please note that as the liquidation progresses, the JLs are continuing their investigations into whether or not any investments made via the Feeder Funds may result in direct claims against the Company. The JLs will reach a determination shortly as to whether or not the Feeder Fund's so-called investments into certain portfolios were made in such a way as to give certain Feeder Fund investors direct access to realisations made from the relevant portfolios. At present though, the JLs' firm focus has been on asset recoveries and realisations.

### **Contacting Us and Useful Information**

#### **22. How can the crypto community be helpful?**

We would like to ask anyone who might be holding assets related to 3AC, or who receives any requests to buy/sell/trade these assets, to please contact the JLs at [3ACLiquidation@teneo.com](mailto:3ACLiquidation@teneo.com). If anyone in the community has information regarding the principals of 3AC, its assets or dealings, we also invite you to get in contact to protect the rights of creditors and minimize impact to other parties who have been affected.

#### **23. Where can I find more information and what are the case numbers?**

Additional information about the liquidation is available at <https://3acliquidation.com>. Media inquiries can be directed to [3ACLiquidation@teneo.com](mailto:3ACLiquidation@teneo.com). In the U.S., the Debtor's chapter 15 case is captioned as *In re Three Arrows Capital, Ltd*, Case No. 22-10920 (MG) (Bankr. S.D.N.Y. 2022). In the BVI, it is captioned as *Three Arrows Capital Limited*, Case No. BVIHCOM2022/0119 (June 27, 2022).