



[0:00:04.7] Hi everyone, it's 2 minutes past 2, I think it's time to get started.

So, thank you everyone for joining today's conference call. My name is Asim and I am joined by my colleague Greg Azeff and Edward Popov at Miller Thomson and the Representative Council appointed by the court in this matter, along with Cox & Palmer. The purpose of this call is very specific. We have considered the materials filed by the company for the comeback hearing on March 5th and wish to share our preliminary views on the motion.

[0:00:47.4] We have not yet seen a copy of the monitor's report which also may have an impact on our views. Before I get started, I'm going to lay a few ground rules for this call: first, we will not be opening this call up to questions, given the amount of people on it that would be difficult, rather, we would invite everyone to email us questions and we intend to aggregate all the questions and post our answers on the website, it is www.MillerThomson.com/EN, or FR if you want French, /[QuadrigaCX](http://www.MillerThomson.com/FR). You can also just go to MillerThomson.com and there's a link right at the front that says [QuadrigaCX](http://www.MillerThomson.com/EN) that you can click to access the website.

[0:01:41.2] Two: we assume everyone here is an affected user. We have no way of verifying whether you are, we also don't know if anybody else is on this call. For those reasons, we will not be discussing any strategy or providing any [0:02:02.1] sensitive information. [0:02:05.5] Those 2 pieces are for the official committee when it's appointed.

[0:02:12.6] Let's get started. On March 5th, the company will be seeking 2 orders from the judge: one, a stay extension for approximately 45 to 60 days, and the 2nd order is for the appointment of a chief restructuring officer. Since getting appointed, the Representative Council has worked on many things, one of which is a call for applications to appoint the official committee. Once appointed, they will be responsible for working with and instructing the Representative Council. Since we are still in the process of appointing the official committee, rep council has had to address the comeback motion without the benefit of their input. Based on the Representative Council order, which we submitted and has now since been signed by the judge, we got an email a few minutes before this call, the Representative Council has the authority to do so, pending appointment of the official committee, we do hope to wrap up creating an official committee and appointing committee members within the next 10 days. That context informs our preliminary views. Our focus was to preserve the rights of Affected Users pending the appointment of the official committee while at the same time pushing back on the relief sought by the company where we felt that we would not have been able to recommend that relief to the official committee when it's established. With respect to our preliminary views, we sent a letter to the company's lawyers yesterday, setting our preliminary views out. What I'm going to do on this call is share with you that letter and read it out so that everyone can understand what our preliminary views are. So this is the letter, dated February 27th, 2019, to the lawyers for [Quadriga](http://www.QuadrigaCX.com):

[0:02:12.6] *We have referred to the order of Mister Justice Wood of the Nova Scotia Supreme Court, dated February 5th, 2019, among other things, granting the applicants protection from*

their creditors under the Companies' Creditors Arrangement Act, and appointing Ernst & Young as monitor of the applicants. We also refer to the court's decision released February 19th in [0:05:02.0] proceedings among other things, appointing Miller Thomson LLP and Cox & Palmer as a Representative Council to the users affected by the shutdown of the Quadriga CX cryptocurrency platform (the "Affected Users"). This letter sets out Representative Council's view on the motion materials served by the applicants in connection with the motion returnable March 5th, 2019, which is the comeback motion, seeking orders one: extending the stay of proceedings for a period of between 45 and 60 days and b: appointing a chief restructuring officer. Since its appointment, Representative Council has worked with the monitor and applicants to, among other things, formalize the Representative Council's decision into a draft order which was submitted today to the court for issuance with the consent of all parties. Representative council has also established communication channels with the Affected Users and commenced the process for calling, for expressions of interest, to act as a committee member of the official committee of Affected Users, which is to be established under the Representative Council appointment order. While the selection process for the official committee has begun, no committee members have yet been selected. Given the circumstances, our ability to fully respond to the comeback motion is limited. We consider it inappropriate to bind the official committee before it has been established. In that context, this letter sets out our positions on the comeback motion. One: Representative Council will request that the orders, if granted, be done on the basis that they are without prejudice to the Representative Council's right to seek relief from the court varying amending or challenging any term of [0:07:28.4] of the orders. In the absence of the voice of the only economic interest in Quadriga's estate being the Affected Users to the official committee, it is our position that any extension of the stay of proceedings should be minimal. Subject to paragraph 1, and the paragraph 1 is the "without prejudice" language that I have just mentioned, we believe that a 30-day extension is appropriate, pending establishment of the official committee. We have provided the applicants 3, we have provided the applicants council with our comments on the draft order appointing the CRO. In summary, our comments are grounded in the following themes:

- a) While we see benefit in the appointment of the CRO in terms of supplementing the current unsophisticated and, in some cases, conflicted directors with a seasoned independent professional having knowledge of and experience with insolvency proceedings, we oppose any duplication of efforts between the CRO and the monitor, as this would be detrimental to our constituents recoveries. The role of the CRO in relation to the role of the monitor has not been clearly articulated in the materials filed in support of the orders. We also disagree that the applicants are primarily tasked with locating Quadriga's assets. We do not believe that the applicants or their advisors should be responsible for any part of the investigation of the applicants or any of the recovery efforts. These efforts are all being done for the ultimate benefit of Affected Users and our position is that an independent and impartial party such as the monitor must be primarily responsible for any investigation and recovery effort. We refer you to*



- paragraph 16 of the Representative Council decision which sets out clearly that the investigation and recovery efforts are the responsibility of the monitor;*
- b) To the extent the CRO consults with the monitor on key decisions to be made or steps to be taken, we have included provisions in a draft order that require the CRO to also consent with Representative Council;*
 - c) An additional layer of professional fees is a concern for Affected Users. The scope of the CRO's mandate is also limited. Similar to Representative Council, we expect [0:10:21.3] order to include a cap on the CRO's fees and disbursements incurred. This fee cap could be subject to an ongoing budgeting process. We are prepared to take advice and direction from the monitor as to the quantum of such fee cap after understanding the scope of the CRO's mandate and how it [0:10:42.6] with the monitor's role without duplication.*

[0:10:50.0] So this letter we sent to counsel Stewart [0:10:54.4] for the applicants, and we think that in the circumstances where the official committee has not been created formally yet, we think it strikes a balance in terms of preserving the rights of Affected Users to come back and challenge any terms of this order and also ensuring that the orders, if granted, provided sufficient consultation rights to Representative Council for us to be able to do our job as time goes on, it also makes it clear that duplication of work and the costs associated are a big concern for Affected Users. That essentially lays out our position. Initially we had thought we could open up the floor to questions but practically it's not feasible, so what I would like to do is invite you all to send us an email if you have any questions, and we will either aggregate the questions into an FAQ, which will be the primary way of responding, and if possible, we will try to directly respond to some of the questions if they are more specific in nature, but, you know, time-dependent.

[0:12:17.8] That kind of settles out the position on this motion in terms of how we view it until pending the establishment of the official committee. Other than that, in terms of the official committee, we have sent out a communication about calling for expressions of interest. That communication should be on the website. If not, it will be very shortly and to the extent, you have not applied and you would like to apply, we would encourage you to do so. There are obligations, your name will be public and you have to understand that, but otherwise if you are interested, there's a few things that you have to do in order to apply, then just follow the communication and we will look forward to receiving your application. With that, I'm going to close this line and then we're going to focus on seeing the questions that come in and do our best to answer them as soon as possible. Thanks and I'm going to shut this line down now.

