CV-19-627184 CU-19-627185 cv - 19 - 627186

Re Quadriga Finter Solution

Cosp at al

I This is a motion brought by The Trustee in Banksuptay of Auadriga Finter Solutions Corp., Whiteside Capital Corpolation and 0984750 B.C. It alba/ Duedniga CX and Quadriga Cours Ecchange ("Componies") for an order directing The Trustel & are The prevailing exchange note an The Sake of Bonkkuptup & concert The 450 claims and Cryptocentercy claimy

mito Conadian dellary. 2 The only opposition & The Motion camer from Block Cat Technologies The ("Block Cat"). Its only claim against Qualuga in a CAD claim. H tokey The position that The voluction and Conversion of Cryptournency claims stould be The date of The cent filing (February 5, 2019) not the Dote of Barkauptry (april 15, 2019). 3 It is significant That Capptonneday prices were highly volatile and fluctuated significantly

between February 5, 2019 and April 15, 2019, Most cayptournencies traded within The buddinga plat form nore during This time period, and result, if the earlier date of the CCAA filing is used for The valuation and Conversion date, Block Cat's claims will include relative & The Caydo currency claimy (4) The only inne that 9 much decide on This Motion in The oppopulate date for volving the Cantourseng Claims in

Canadian dellary. (5) The Bonknipty and Insolucity ait ("BPA") promider on orderly prechaning for The distribution of a delitory property & satisfy eneditor claims according & excelermined privity mules. Section 67 (1) of the BAA sets out what property of a bonknept is dimitle among The banksupt's creditory. The Supreme Court of Conada has emphaced a blood definitions of "property" within The meaning of 5.67(1) of me BIA.

@ I agree with The Truskee' Conclusion That The defenition in 5.67(1) of the BPA in broad enough & include Cryptocurrency. BlockCat deer not dispute This. 7 I also agree with The Truskee's conclusion that The Cneptournerey claims are liquidated dains because They are proven obligation owing by ne Companies to The claimants That can be early accertained " on a patter of anithmetic. all That is required & determine

The volue of The Cryptomoseney Claimy in Canadian dollary in & multiply The amount of Cryptownedly in question by ne prevailing exchange rote for the applicable cayptoursere The prevailing exchange not can be early arestained by reference & The comptonissency mæket. (8) I do not accept BlockCat's submission That The Cayptonoreney damy and unliquidated claims because These is no support for its position that cryptocurrenter and not "Modey". Fudther, 9 hour concluded That The Cnyptourselly

claiming to not require muestigation beyond there anithmetical calculation. (9 I have concluded That The Cayptournedly claims all liquidated claiming That Should be volued on of The Date of Bonkinptey, Opil 15, 2019. for the following playant. (a) The Cayptocurrency claims all analogous & debts in a currency other Than Canadian austery, which 5. 215.1 of The B9A promider and & be converted as of The date of banknepty;

(b) The exchange platform and subrequent bouknupty of Anadniga can be analogized & The banksupty of a recurities firm as coptured by tont XII of The B9A. Cryptocurrency can be analogized A a security and/or customer pool fund, which Pont XIT of The B9A provider, in Most cincunstance, and & be valued on a pooled basis at the date of banksuptcy; and

(c) Valuing The Cryptocuthency

Claims by onening ne claims and the date of bonknipty provides an efficient method of voluing These claims in line with principles underlying bonkruptay claims procener. 10 In conclusion, I and the men mox me opplieble promision of the B9A referred & about and The principles of efficiency and economy underlying The determinations of opproximately 17,000 indundual

10 claims under The BIA make it clean that The voluction of the Cuptocurrency claims Should be done an of The sate of Bonknuptuy. O The Truskee's Motion is merefore granted. 12 9 angl councel & settle costs. If the comot they may schedule a 20-Hunte zoon hearing and the,

Hoisey J.

Model 1, 2021

Unofficial Transcript of Court Endorsement – Mach 1, 2021

CV-19-627184 CV-19-627185 CV-19-627186

Re Quadriga Fintech Solutions Corp. et al.

1. This is a Motion brought by the Trustee in Bankruptcy of Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 BC Ltd. d/ba/ Quadriga CX and Quadriga Coin Exchange ("Companies") for an order directing the Trustee to use the prevailing exchange rate on the Date of Bankruptcy to convert the USD claims and Cryptocurrency Claims into Canadian dollars.

2. The only opposition to the Motion comes from Block Cat Technologies Inc. ("Block Cat"). Its only claim against Quadriga is a CAD claim. It takes the position that the valuation date for the valuation and conversion of Cryptocurrency claims should be the date of the CCAA filing (February 5, 2019) not the date of Bankruptcy (April 15, 2019).

3. It is significant that Cryptocurrency prices were highly volatile and fluctuated significantly between February 5, 2019 and April 15, 2019. Most cryptocurrencies traded within the Quadriga platform rose during this time period. As a result, if the date of the CCAA filing is used for the valuations and conversion date, Block Cat's claims will increase relative to the Cryptocurrency claims.

4. The only issue that I must decide on this Motion is the appropriate date for valuing the Cryptocurrency claims in Canadian dollars.

5. The Bankruptcy and Insolvency Act ("BIA") provides an orderly mechanism for the distribution of a debtor's property to satisfy creditor claims according to predetermined priority rules. Section 67(1) of the BIA sets out what property of a bankrupt is divisible among the bankrupt's creditors. The Supreme Court of Canada has embraced a broad definitions of "property" within the meaning of S. 67(1) of the BIA.

6. I agree with the Trustee's conclusion that the definition in S.67(1) of the BIA is broad enough to include Cryptocurrency. Block Cat does not dispute this.

7. I also agree with the Trustee's conclusions that the Cryptocurrency claims are liquidated claims because they are obligations owing by the Companies to the claimants that can be easily ascertained "as a matter of arithmetic". All that is required to determine the value of

Cryptocurrency claims in Canadian dollars is to multiply the amount of Cryptocurrency in questions by the prevailing exchange rate for the applicable cryptocurrency. The prevailing exchange rate can be easily ascertained by reference to the cryptocurrency market.

I do not accept Block Cat's submission that the Cryptocurrency Claims are unliquidated claims because there is no support for its position that cryptocurrency are not "Money". Further, I have concluded that the Cryptocurrency Claims do not required investigations beyond mere arithmetical calculations.

9. I have concluded that the Cryptocurrency Claims are liquidated claims that should be valued as of the Date of Bankruptcy, April 15, 2019, for the following reasons:

(a) The cryptocurrency claims are analogous to debts in a currency other than Canadian currency, which S. 215.1 of the BIA provides all to be converted as of the date of bankruptcy;

(b) the exchange platform and subsequent bankruptcy of Quadriga can be analogized to the bankruptcy of a securities firm as captured by Part XII of the BIA. Cryptocurrency can be analogized to a security and/or customer pool fund, which Part XII of the BIA provides, in most circumstances, are to be valued on a pooled basis at the date of bankruptcy; and

(c) Valuing the Cryptocurrency Claims by assessing the claims as part of the date of bankruptcy provides an efficient method of valuing these claims in line with principles underlying bankruptcy claims processes.

10. In conclusion, I am of the view that the applicable provisions of the BIA referred to above and the principles of efficiency and economy underlying the determinations of approximately 17,000 individual claims under the BIA make it clear that the valuations of the Cryptocurrency claims should be done as of the Date of Bankruptcy.

11. The Trustee's Motion is therefore granted.

12. I urge counsel to settle costs. If they cannot they may schedule a 20 Minute zoom hearing with me.

Hainey J..

March 1, 2021