

Haydar Tuncer

From: s 22
Sent: Tuesday, 22 March 2022 5:38 PM
To: s 22
Cc: s 22
Subject: RE: More ways for retail to leverage volatile assets [SEC=OFFICIAL]
Attachments: RE: FTX offering in Australia [SEC=OFFICIAL]

s 22

As this is a change of control from IFS Markets Pty Ltd there are unfortunately no proofs.

s 37(2)(b), s 47C, s 47E (d)

Kind regards

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s 22

Senior Specialist – Retail Complex Products and Investor Protection

Australian Securities and Investments Commission

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FOI 211-2022



From: s 22 @asic.gov.au>
Sent: Monday, 21 March 2022 11:56
To: s 22 @asic.gov.au>
Subject: FW: More ways for retail to leverage volatile assets [SEC=OFFICIAL]

As discussed...

s 22

Senior Manager

Retail Complex Products and Investor Protection

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I acknowledge the traditional owners of the land on which I work, the Gadigal people of the Eora nation.

From: s 22 @asic.gov.au>
Sent: Monday, 21 March 2022 11:41 AM
To: s 22 @asic.gov.au>
Cc: s 22 @asic.gov.au>; s 22 @asic.gov.au>
Subject: RE: More ways for retail to leverage volatile assets [SEC=OFFICIAL]

Hi s 22

Please see the attached article re FTX and its plans to begin offering crypto derivatives to retail clients and others. s 37(2)(b), s 47C, s 47E (d)

Could you please arrange for one of the team to review the business proofs provided by FTX in its licence application and meet with FTX to understand its proposed offerings before it launches?

Thanks

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From: s 22 [@asic.gov.au](mailto:s 22@asic.gov.au)>

Sent: Monday, 21 March 2022 11:20 AM

To: s 22 [@asic.gov.au](mailto:s 22@asic.gov.au)>; s 22 [@asic.gov.au](mailto:s 22@asic.gov.au)>

Subject: More ways for retail to leverage volatile assets [SEC=OFFICIAL]

Bankman-Fried starts crypto exchange FTX in Australia

Exclusive

Jessica Sier and James Eyers

The world's fastest growing crypto exchange, FTX, will launch in Australia within weeks, amid a global spending spree in which 30-year-old founder Sam Bankman-Fried has deployed millions of his nearly \$2 billion war chest to get ahead of the institutional interest in cryptocurrencies.

Bermuda-based FTX, famed for delivering derivatives trading options within crypto markets, is preparing to allow Australian investors to begin trading as early as this week, after a lengthy period working with local regulators to secure an Australian Financial Services Licence, which has been granted by the Australian Securities and Investments Commission.

While a local boss has not been announced, Mr Bankman-Fried, one of the most closely watched leaders in the global crypto sector, said FTX would be looking to appoint a team to support its issuance of over-the-counter derivatives, including options, futures and con-

tracts for difference over underlying digital assets and leveraged "tokens".

"While we have a small team in Australia at the moment, we are looking to roughly double the size of our current staff as we look to hire developers, operations personnel and marketing team members," Mr Bankman-Fried told *The Australian Financial Review*.

FTX's entry into Australia will present a big challenge for local exchanges such as Independent Reserve, BTC Markets, Coinjar and Swyftx, who largely support spot-market sales of a select list of cryptocurrencies.

Exchanges like FTX and Binance offer retail investors products such as futures and swaps. FTX is also pushing towards "tokenised stocks", which could present competition to the ASX and the retail stock trading apps run by the major banks.

FTX is also pushing into non-fungible tokens, and product innovation is a core strategic priority.

It lets traders - including unsophisticated retail traders - buy crypto assets with margin loans. FTX will lend



Australian arm: FTX chief executive Sam Bankman-Fried. PHOTO: BLOOMBERG

traders as much as 20 times their investment. For example, traders could buy a \$20,000 position in a crypto derivative with a deposit of \$1000.

But the risk is large given the volatility of crypto markets; one big price swing could prompt an automated margin call that could wipe out a trader's position.

Mr Bankman-Fried, who has amassed a \$US22.5 billion (\$43 billion) fortune through FTX according to *Forbes*, has been on a capital-raising tear over the past 12 months. FTX was val-

ued at \$US32 billion in February following a fresh \$US400 million funding round in which blue-chip investors SoftBank and Canada's Ontario Teachers' Pension Plan boosted the investor register alongside Tiger Global and BlackRock.

This followed a \$US25 billion valuation in October, itself a huge jump from FTX's \$US1.2 billion valuation in 2020.

FTX's valuation has eclipsed the value of traditional financial businesses such as Germany's Deutsche Bank, which has a market capitalisation of about \$US25 billion.

Mr Bankman-Fried - who will provide the opening address to Blockchain Australia's week-long crypto event, which kicks off today - founded FTX in 2019. He deliberately based the business outside the United States, where there are stringent regulations around crypto derivative products.

That said, Mr Bankman-Fried is a public supporter of risk and control, testifying before US Congress in December. FTX is licensed by the US Commodity Futures Trading Commission and

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