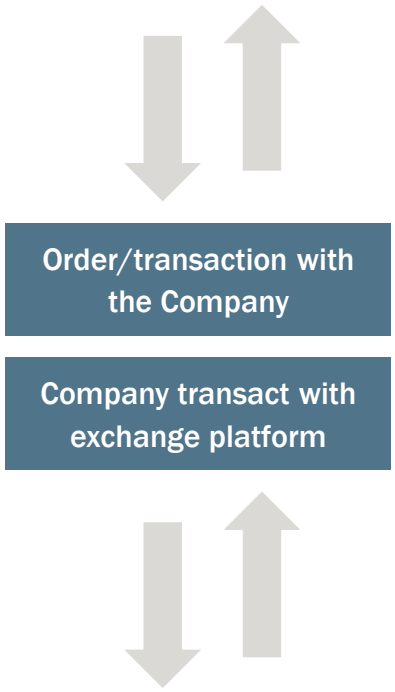
Digital Surge Pty Ltd (Administrators Appointed)

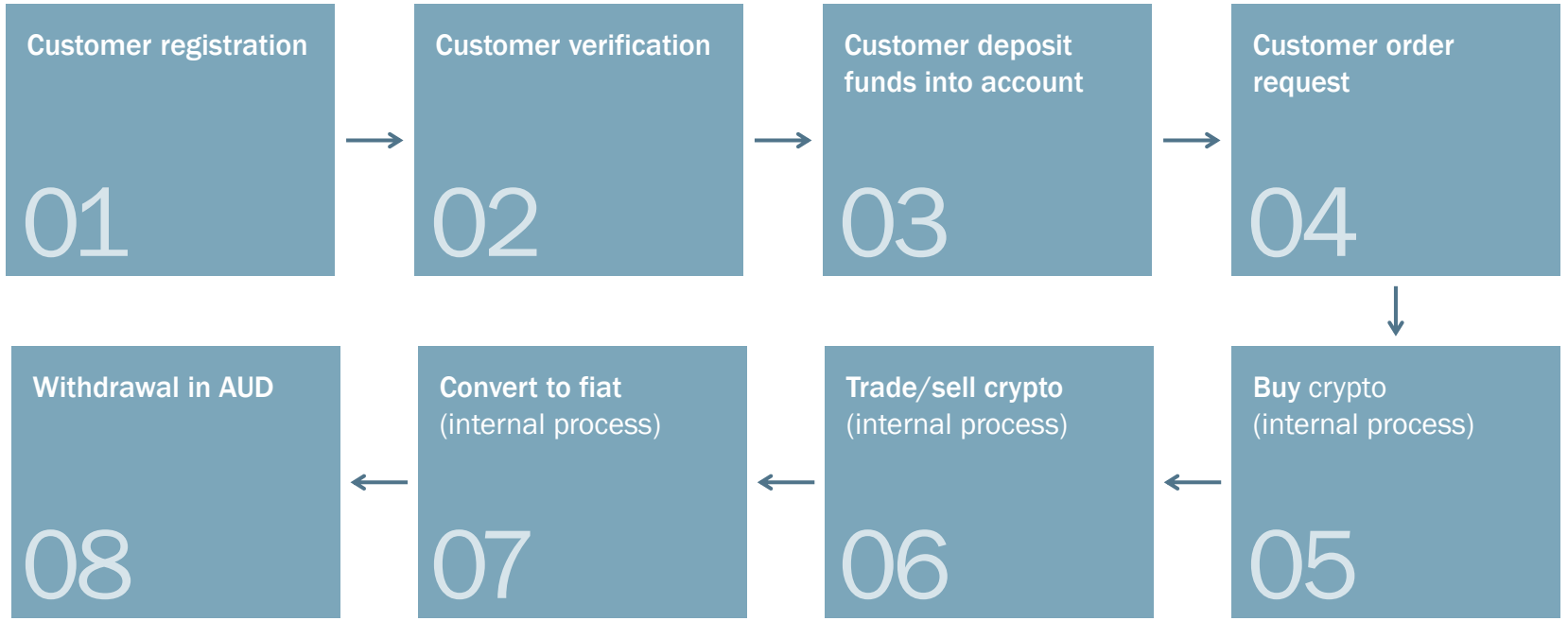
KordaMentha

Overview of the Company's process

Business accounts	Joint accounts	Personal accounts	SMSF accounts	Trust accounts
169 or 0.6% of customers 1.9% in value	7 or 0.02% of customers 0.1% in value	25,407 or 94.6% of customers 45.8% in value	1,304 or 4.3% of customers 44.5% in value	154 or 0.5% of customers 7.7% in value

Customers





Exchange platforms

Binance
- The Company is set-up as a broker on this platform.
- It held 20% of the Company's digital assets.

FTX
- It held 51% of the Company's digital assets, including 67% of its BTC, 58% of its ETH, 87% of its XRP, 69% of its DOGE, 16% of its MATIC and 17% of other digital assets.

Kraken
- Platform used for onchain staking.
- It held 8% of the Company's digital assets.

Cold wallets
- Assets in Trezor device.
- Approximately 10% of the Company's digital assets were held on cold storage.

Hot wallets
- Some BTC & ETH were in hot wallet (hosted in Google cloud) and periodically swept to cold storage.
- Approximately 1% of the Company's digital assets were held in hot wallets.

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Overview of the Company's process

01 Customer registration

- A customer registers on the Company's platform by accepting terms and conditions, and providing an email address and password.
- The email address is verified via sending a confirmation link to the email address.
- The account is activated.

02 Customer verification

- To deposit fiat and/or crypto into their account, customers need to meet Level 1 KYC verification.
- Level 1 KYC verification includes full name, date of birth and Driver Licence # verification (82% of customers). This verification is completed by a third party paid service RapidID.
- For non-individuals, a company search is required, SMSF requires a trust deed verification and beneficial owners also require ID verification. This is completed by the DS customer services team.

03 Deposit funds into account

- Once the verification is completed, the customer is provided with a unique PayID (via Osko), or POLi (via AustPost)
- Customer transfers funds using the PayID, which is processed instantly.
- Threshold varies between $20k (personal) to $50k (business, SMSF).
- The funds are matched to their DS account using their unique PayID.
- Customer's funds are collected and pooled in DS's Monoova or Zepto accounts.
- Note: deposit of Tokens is different.

04 Customer order

- The customer can now see its fiat and/or crypto balances on the DS interface.
- The customer places an order for digital assets on the DS exchange interface, which places a trade request on the DS platform.
- The DS platform is not owned by DS.

05 Buy (internal process)

- The Company's IT systems & processes identify the best trade path on the several platforms it uses. It does this by looking at a multitude of trading pairs and determining how best to convert fiat or a digital asset into another or the reverse.
- Once the best path is identified, the Company places the order on the exchange platforms.
- The Company charges a transaction fee of 0.5% and spread of 0.7%. The Company's ledgers on external exchanges are adjusted to reflect the customer's holdings (fiat/tokens), less fees.

06 Trade/sell (internal process)

- The customer can trade or sell digital assets for others by placing order requests via the DS interface.
- The platform identifies the best trade on the several platforms it uses.
- Once the best trade path is identified, a purchase is made by DS with one of the exchange platforms.
- The Company charges a transaction fee of 0.5% and spread of 0.7%.
- The Company's crypto ledgers are adjusted to reflect the transaction (fiat/tokens), less fees.

07 Convert to fiat (internal process)

- The customer make a request to sell its holdings and convert to fiat.
- The holdings are sold via the exchange platforms.
- The Company's ledgers with the exchange platforms are adjusted.
- The customers request for fiat are swept when the Company meets its thresholds with the exchange platforms.

08 Withdrawal

- The customer can withdraw fiat available on their ledger with Level 1 KYC and pre-approved bank account in their name.
- The funds are processed from Monoova.
- To withdraw digital assets, the customer requires Level 2 KYC, which includes a live photo with ID (16% of customers), for SMSF or business, or anyone over 55 years old, the Company would also call to verify the customer's identity.