

February 27, 2019

HAND DELIVERED

Court Administration Office
Supreme Court of Nova Scotia
The Law Courts
1815 Upper Water St.
Halifax, NS B3J 1S7

Dear Sir/Madam:

**RE In the Matter of QuadrigaCX et al.
Hfx No. 484742**

Miller Thomson LLP and Cox & Palmer were appointed as Representative Counsel to the Affected Users ("Representative Counsel") in these CCAA Proceedings pursuant to the decision of Mr. Justice Wood released February 19, 2019 (*citation*: 2019 NSSC 65) (the "Representative Counsel Decision").

As directed by His Lordship in the Representative Counsel Decision, Representative Counsel, counsel to Ernst & Young, the Court-appointed Monitor in these CCAA proceedings, and the Applicants worked together to finalize the terms of a draft Order appointing Representative Counsel.

Please find enclosed a copy of the agreed-upon draft Order, which is being presented to His Lordship on consent of the parties. We would ask that you kindly provide His Lordship the enclosed for review and, if appropriate, issuance.

Yours very truly,



Gavin D.F. MacDonald

GDFM/cm
Encl.

Gavin D.F. MacDonald | Partner

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IN THE SUPREME COURT OF NOVA SCOTIA

IN THE MATTER OF:

Application by Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd. d/b/a Quadriga CX and Quadriga Coin Exchange (collectively referred to as the “**Companies**” and the “**Applicants**”), for relief under the *Companies’ Creditors Arrangement Act*

ORDER

(Representative Counsel Appointment Order)

BEFORE THE HONOURABLE JUSTICE MICHAEL J. WOOD

UPON MOTION, in the proceedings of Quadriga Fintech Solutions Corp., Whiteside Capital Corporation, and 0984750 B.C. Ltd. dba Quadriga CX and Quadriga Coin Exchange (collectively, the “**Applicants**”), under the *Companies’ Creditors Arrangement Act* (the “**CCAA Proceedings**”), by certain of the users of the Quadriga platform holding significant balances in their personal accounts, representing obligations payable in the form of: (i) cash obligations; and (ii) obligations to hold cryptocurrency coins (the “**Affected Users**”) for an order, among other things, appointing counsel to represent the interests of the Affected Users and establishing an official committee of Affected Users;

UPON READING the Affidavit of Xitong Zou sworn February 4, 2019, the Affidavit of Amanda McLachlan sworn February 11, 2019, the Affidavit of Parham Pakjou sworn February 7, 2019, the Affidavit of Giuseppe Burtini sworn February 8, 2019, the Affidavit of Ryan Kneer sworn February 8, 2019, the Affidavit of Richard Kagerer sworn February 11, 2019, and the First Report of Ernst & Young Inc., in its capacity as Court-appointed Monitor of the Applicants (the “**Monitor**”);

AND UPON HEARING counsel to the Applicants, counsel for the Monitor, Bennett Jones LLP and McInnes Cooper, Miller Thomson LLP and Cox & Palmer, and Osler, Hoskin & Harcourt LLP and Patterson Law, each as proposed representative counsel for the Affected Users and such other individuals who appeared and were heard on the Motion;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. If necessary, the service of the Notice of Motion, the Motion Record and supporting documents are hereby abridged and service is hereby deemed adequate notice so that the Motion is properly returnable today and further service thereof is hereby dispensed with.
2. Miller Thomson LLP, as lead counsel, and Cox & Palmer, as local counsel, are hereby appointed as representative counsel (collectively, "**Representative Counsel**") to represent the interests of the Affected Users (the "**Purpose**") by discharging the following duties and activities:
 - (a) communicating with the Official Committee of Affected Users and the Affected Users regarding the CCAA Proceedings through any medium of communication in Representative Counsel's discretion, including, the establishment of a website located at www.millerthomson.com/en/quadriga (the "**Representative Counsel's Website**"), conference calls, email, Reddit, or other form of electronic communication;
 - (b) communicating and liaising with the Applicants, the Monitor or other third parties (as the case may be) in respect of the CCAA Proceedings and the interests of Affected Users therein;
 - (c) representing and advocating for the interests of Affected Users (other than Opt-out Individuals), including, Affected Users' privacy interests, preparing court materials and attending any court hearings in respect of these CCAA Proceedings, negotiating and commenting on behalf of Affected Users on any plan of arrangement of the Applicants, and representing and assisting Affected Users (other than Opt-out Individuals) in any claims process commenced by the Applicants;
 - (d) identifying potential conflicts of interest among Affected Users and taking any steps necessary to address such conflicts of interest; and
 - (e) such other activities and duties that ancillary to the Purpose, with the consent of the Monitor or as otherwise ordered by this Court.
3. Without a further Order of this Court, the following activities are not consistent with the Purpose:
 - (a) undertaking an independent investigation with respect to the Applicants and their assets; and
 - (b) commencing legal proceedings against the Applicants' directors and officers. For greater certainty, Representative Counsel may, subject to receiving instructions from the Official Committee of Affected Users and the appropriateness thereof, oppose any relief sought within these CCAA Proceedings.

4. Representative Counsel shall not be required to perform or complete any instruction, activity or duty unless, in the Representative Counsel's view, such activity or duty is consistent with or ancillary to the Purpose. Representative Counsel shall have no obligation to consult with, follow the instructions of, or provide an opinion to any individual Affected User in connection with the discharge of its mandate under this Order.
5. A committee of Affected Users (the "**Official Committee of Affected Users**"), comprised of a minimum of five (5), and no more than seven (7), individuals holding claims against the Applicants (the "**Committee Members**") shall be determined by Representative Counsel, in consultation with the Monitor, to act as representatives of all Affected Users (excluding Opt-Out Individuals (as defined below), if any) in the CCAA Proceedings, to act in the overall best interests of the Affected Users, and to advise and where appropriate instruct Representative Counsel. Representative Counsel may rely upon the advice and instructions received from the Official Committee of Affected Users in carrying out the mandate of the Representative Counsel without further communication with or instructions from Affected Users, except as may be recommended by Representative Counsel or ordered by this Court.
6. The Representative Counsel and Monitor are directed to make best efforts to appoint at least five (5) Committee Members to the Official Committee of Affected Users without delay. Prior to the appointment of the Official Committee of Affected Users, Representative Counsel is hereby authorized to take steps or actions on behalf of the Affected Users consistent with the Purpose in their sole discretion and without instruction from the Official Committee of Affected Users or any Committee Members.
7. The Committee Members shall be identified to the Court by the Monitor as soon as practicable following the selection of the Committee Members by Representative Counsel, in consultation with the Monitor, and such report shall be posted on the Monitor's case website located at www.ey.com/ca/quadrige (the "**Monitor's Website**").
8. Any Committee Member may resign from the Official Committee of Affected Users by giving seven (7) calendar days' notice to Representative Counsel. In consultation with the Monitor, Representative Counsel shall select a replacement Committee Member following any such resignation. If the number of Committee Members falls below five (5) due to resignations or otherwise, Representative Counsel may continue to receive instruction from the remaining Committee Members.
9. Subject to the provisions of this Order or any further Order of this Court, the Official Committee of Affected Users shall establish procedures with Representative Counsel for its own governance, including, procedures for instructing Representative Counsel and for the removal and addition of Committee Members provided that any addition of new Committee Members shall be determined in consultation with the Monitor.
10. With the exception of Opt-Out Individuals, (a) the Official Committee of Affected Users and Representative Counsel shall represent all Affected Users in the CCAA Proceedings; (b) the Affected Users shall be bound by the actions of the Official Committee of

Affected Users and Representative Counsel in the CCAA Proceedings; and (c) the Official Committee of Affected Users shall be entitled, on advice of Representative Counsel, to reach any settlement agreements, advocate on behalf of the Affected Users and compromise any rights, entitlements or claims of the Affected Users, subject to approval of the Court.

11. The Applicants shall provide to Representative Counsel, subject to confidentiality arrangements satisfactory to the Applicants and the Monitor, each acting reasonably, without charge, in machine-readable format, the names, last known addresses and last known email addresses (if any) of all the Affected Users (the “**Affected User Information**”), excluding Opt-Out Individuals, if any, who have opted out prior to delivery of the Affected User Information. The Affected User Information shall be kept confidential by Representative Counsel and shall not be disclosed to any other person, including the Official Committee of Affected Users and the Committee Members, unless ordered otherwise by the Court.
12. Subject to confidentiality arrangements satisfactory to the Applicants and the Monitor, each acting reasonably, and any claim of privilege by the Applicants or the Monitor, the Applicants and the Monitor have the obligation to provide Representative Counsel with such documents and data as may be reasonably relevant to matters relating to the issues affecting the Affected Users in the CCAA Proceedings (the “**Information**”), without charge.
13. The provision of the Information to the Representative Counsel pursuant to paragraph 12 of this Order constitutes a limited waiver of any applicable privilege which may attach to the Information in respect of the Representative Counsel only (the “**Limited Waiver**”).
14. The Limited Waiver is solely for the purpose of permitting the Representative Counsel to access the Information and for no other purpose.
15. The Limited Waiver applies only in respect of the Representative Counsel and shall under no circumstances be extended to, or apply to any other person or for any other purpose, and any privilege of the Monitor and any persons attaching to the Information is expressly confirmed and preserved as against any other persons and for any other purpose.
16. In providing the Affected User Information and the Information, the Applicants are not required to obtain express consent from such Affected Users authorizing disclosure of the Affected User Information or the Information to Representative Counsel and, further, in accordance with section 7(3) of the *Personal Information Protection and Electronic Documents Act*, this Order shall be sufficient to authorize the disclosure of the Affected User Information or the Information, without knowledge or consent of the individual Affected Users. The Affected User Information and Information shall only be used for the Purpose in the CCAA Proceedings and for no other or improper purpose.
17. Notice of the granting of this Order substantially in the form attached hereto as Schedule “A” (“**Notice**”) shall hereby be:

- (a) posted by the Monitor or the Applicants on (i) the Monitor's Website; (ii) the Applicants' website located at www.quadrigacx.com; and (iii) the Applicants' subreddit located at www.reddit.com/r/quadrigacx, in each case, within two (2) business days of the date of this Order;
 - (b) published by the Monitor, in the Globe and Mail, within seven (7) calendar days of the date of this Order; and
 - (c) sent by the Monitor to Affected Users who have claims against the Applicants in excess of \$1,000 according to the Applicants' books and records via email at the last known email addresses for such Affected Users in the Applicants' books and records, within seven (7) calendar days of the date of this Order.
18. Any individual Affected User who does not wish to be represented by Representative Counsel and the Official Committee of Affected Users shall, within sixty (60) calendar days of the date of this Order, notify the Monitor, in writing, that he or she is opting out of representation by the Official Committee of Affected Users and Representative Counsel by delivering to the Monitor an English or French opt-out notice substantially in the form attached hereto as Schedule "B" (each an "**Opt-Out Notice**"), and shall thereafter not be bound by the actions of the Official Committee of Affected Users or Representative Counsel and shall represent himself or herself or be represented by any counsel that he or she may retain exclusively at his or her own expense in the CCAA Proceedings (any such persons who deliver an Opt-Out Notice in compliance with the terms of this paragraph, "**Opt-Out Individuals**"). The Monitor shall keep confidential the identity of the Opt-Out Individuals but shall deliver copies of all Opt-Out Notices received to counsel for the Applicants and Representative Counsel as soon as practicable following receipt of the Opt-Out Notices. In accordance with section 7(3) of the *Personal Information Protection and Electronic Documents Act*, this Order shall be sufficient to authorize the disclosure of the Opt-Out Notices to counsel for the Applicants and Representative Counsel, without knowledge or consent of the Opt-Out Individuals. For greater certainty, the Official Committee of Affected Users and Representative Counsel have no obligation to represent the interests of the Opt-Out Individuals.
19. The form of Opt-Out Notice shall be posted by the Monitor or the Applicants on (i) the Monitor's Website; (ii) the Applicants' website located at www.quadrigacx.com; (iii) the Representative Counsel's Website located at www.millerthomson.com/en/quadrigacx and (iii) Applicants' subreddit located at www.reddit.com/r/quadrigacx, in each case, within two (2) business days of the date of this Order.
20. All written notices required to be given to the Monitor and/or Representative Counsel shall be given by hand delivery, courier or email as follows:
- (b) to the Monitor:

Ernst & Young Inc.
Court-appointed Monitor of the Applicants
RBC Waterside Centre

1871 Hollis Street Suite 500
 Halifax, Nova Scotia B3J 0C3
 Attn: George Kinsman
 Email: george.c.kinsman@ca.ey.com

with a copy to:

Stikeman Elliot LLP
 5300 Commerce Court West
 199 Bay Street
 Toronto, ON M5L 1B9

Attn: Liz Pillon / Lee Nicholson
 Email: lpillon@stikeman.com / leenicholson@stikeman.com

(c) to Representative Counsel:

Miller Thomson LLP
 Scotia Plaza
 40 King Street West, Suite 5800
 P.O. Box 1011
 Toronto, ON M5H 3S1

Attn: Asim Iqbal / Greg Azeff
 Email: aiqbal@millerthomson.com / gazeff@millerthomson.com

21. Representative Counsel shall be given notice of all motions in these CCAA Proceedings and notice of any motion provided to Representative Counsel shall be deemed to be notice to all of the Affected Users except for the Opt-Out Individuals.
22. With the consent of the Monitor or further order of the Court, the Official Committee of Affected Users and Representative Counsel may retain advisors, experts and consultants (“**Advisors**”) to provide advice to and to assist the Official Committee of Affected Users and Representative Counsel in the exercise of their duties in relation to the Purpose.
23. Subject to funding being available in the Disbursement Account (as defined in the Initial Order of Justice Wood dated February 5, 2019 (the “**Initial Order**”)), and without prejudice to any claim of Representative Counsel against the Applicants and their property for unpaid fees and disbursements, Representative Counsel shall be paid its reasonable and documented fees and disbursements (including disbursements relating to Advisors retained by Representative Counsel) by the Applicants to an aggregate maximum of \$250,000, excluding disbursements (the “**Initial Fee Cap**”), which shall subject to adjustments in accordance with paragraph 24 of this Order. Representative Counsel shall be paid on a weekly or bi-weekly basis upon rendering its accounts to the Monitor for fulfilling its mandate in accordance with this Order, and subject to such redactions to the invoices as are necessary to maintain solicitor-client privilege between Representative Counsel and the Official Committee of Affected Users. Representative Counsel or the Monitor are at liberty to bring another motion before the Court at any time

to seek any amendment or modification to the funding arrangements set forth in this Order. In the event of any disagreement with respect to such fees and disbursements, such disagreement may be remitted to this Court for determination.

24. In consultation with the Monitor, Representative Counsel shall prepare a budget from time to time (or as requested by the Monitor or directed by this Court) for anticipated fees and disbursements (the “**Budget**”), and, as necessary or desirable, the Budget shall be provided to the Monitor and the Court for the purpose of determining whether the Initial Fee Cap or other funding arrangements should be amended or modified. A motion for the modification of the Initial Fee Cap may be conducted by way of teleconference on seven (7) calendar days’ notice to the Service List.
25. Nothing contained in this Order shall require Representative Counsel to incur any disbursement unless Representative Counsel is satisfied that funds are available for reimbursement of the same.
26. Representative Counsel shall pass their accounts from time to time before a judge of the Court or a referee appointed by a judge of the Court.
27. Representative Counsel shall be entitled to the benefit of the Administration Charge (as defined in the Initial Order) and shall rank *pro-rata* with the other beneficiaries of the Administrative Charge.
28. Payments made by the Applicants pursuant to this Order do not and will not constitute preferences, fraudulent conveyances, transfers of undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable laws.
29. Representative Counsel and the Official Committee of Affected Users are hereby authorized to take all steps and do all acts necessary or desirable to carry out the terms of this Order, including, posting relevant non-confidential information and documents to the Representative Counsel’s Website for the Affected Users.
30. The Applicants, the Monitor and Representative Counsel shall be at liberty, and are hereby authorized, at any time, to apply to this Court for advice and directions in respect of the fulfillment and scope of the duties of Representative Counsel under the provisions of this Order or any variation of the powers and duties of Representative Counsel under this Order, which shall be brought on notice to the Applicants, the Monitor, Representative Counsel and other interested parties listed on the service list posted on the Monitor’s Website, unless this Court orders otherwise.
31. Representative Counsel and the Committee Members shall have no personal liability or obligations as a result of the performance of their duties in carrying out the provisions of this Order and any subsequent orders of the Court in the CCAA Proceedings, save and except for liability arising out of negligence or actionable misconduct.
32. No action or other proceeding may be commenced against Representative Counsel or the Official Committee of Affected Users in respect of the performance of their duties under this Order without leave of this Court on seven (7) calendar days’ notice to the

Applicants, the Monitor, Representative Counsel and the Official Committee of Affected Users.

33. The aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States is requested to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.
34. Costs to the Representative Counsel for the motion to appoint representative counsel shall be fixed at \$25,000 plus disbursements and applicable taxes and shall not form part of the fees and disbursements addressed under the Initial Fee Cap.
35. This Order and all of its provisions are effective as of 12:01 a.m. Atlantic Standard Time on the 19th day of February, 2019. For greater certainty, any timelines set out in this Order by when actions or notices must be performed or delivered shall commence from the date that this Order is issued.

Issued at Halifax, Province of Nova Scotia, this ____ day of February, 2019.

SCHEDULE "A"

NOTICE OF REPRESENTATIVE COUNSEL ORDER

QUADRIGA FINTECH SOLUTIONS CORP., WHITESIDE CAPITAL CORPORATION,
AND 0984750 B.C. LTD. D/B/A QUADRIGA CX AND QUADRIGA COIN EXCHANGE
(COLLECTIVELY, THE "APPLICANTS")

NOTICE TO AFFECTED USERS:

On February 5, 2019, the Applicants commenced proceedings under the *Companies' Creditors Arrangement Act* ("CCAA") pursuant to an Order (the "**Initial Order**") of the Supreme Court of Nova Scotia (the "**Court**"). Ernst & Young Inc. has been appointed by the Court as monitor in the Applicants' CCAA proceedings (the "**Monitor**").

TAKE NOTICE THAT, pursuant to an Order of the Court, Miller Thomson LLP, as lead counsel, and Cox & Palmer, as local counsel (collectively, "**Representative Counsel**"), were appointed as representative counsel to represent the interests of users of the Applicants' cryptocurrency exchange platform (the "**Affected Users**") in the CCAA proceedings.

IF YOU WISH TO SERVE on the committee of Affected Users (the "**Official Committee of Affected Users**") which will provide information to and instruct Representative Counsel in connection with the CCAA proceedings, please deliver a package containing (i) your name and address; (ii) your client-ID for the Applicants' cryptocurrency exchange platform (iii) the amount of your claim against the Applicants, (iv) the nature of such claim (fiat currency, cryptocurrency, "pending" withdrawal and/or "completed" withdrawal) owed to you by the Applicants; (v) a statement of no more than 200 words expressing your interest in becoming a Committee Member and summarizing your qualifications; and (vi) your resume or PDF copy of your LinkedIn profile, and (vi) such other information or documentation as may be requested by Representative Counsel or the Monitor, to Representative Counsel by email at CommitteeApplications@millerthomson.com by ●, 2019. **IF YOU SERVE ON THE OFFICIAL COMMITTEE OF AFFECTED USERS YOUR NAME WILL BE PUBLICALLY IDENTIFIED TO THE COURT AND OTHER AFFECTED USERS.** Service on the Official Committee of Affected Users will also be a significant time commitment.

IF YOU DO NOT WISH TO BE REPRESENTED by Representative Counsel and the Official Committee of Affected Users, you must, before ●, 2019, provide an Opt-Out Notice (a copy of which can be obtained from the Monitor's website located at www.ey.com/ca/quadriga) indicating that you wish to opt-out of such representation and send the completed Opt-Out Notice to:

To the Monitor:

Ernst & Young Inc. acting in its capacity
as Court-appointed Monitor of the
Applicants

RBC Waterside Centre
1871 Hollis Street Suite 500
Halifax, Nova Scotia B3J 0C3

Fax: 902-420-0503

With a copy to Representative Counsel:

Miller Thomson LLP
Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, ON M5H 3S1

Attn: Asim Iqbal / Greg Azeff
Email: quadrigaCX@millerthomson.com

Email: quadriga.monitor@ca.ey.com

Persons requiring further information should review the website established by the Monitor at www.ey.com/ca/quadriga or email the Monitor at quadriga.monitor@ca.ey.com.

SCHEDULE "B"

OPT-OUT NOTICE

QUADRIGA FINTECH SOLUTIONS CORP., WHITESIDE CAPITAL CORPORATION,
AND 0984750 B.C. LTD. D/B/A QUADRIGA CX AND QUADRIGA COIN EXCHANGE
(COLLECTIVELY, THE "APPLICANTS")

TO: Ernst & Young Inc. acting in its capacity as Court-appointed Monitor of Quadriga
Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd.
RBC Waterside Centre
1871 Hollis Street Suite 500
Halifax, Nova Scotia B3J 0C3

Fax: 902-420-0503

Email: quadriga.monitor@ca.ey.com

I hereby provide written notice that I do not wish to be represented by Miller Thomson LLP and Cox & Palmer, representative counsel ("**Representative Counsel**") for users of the Applicants' cryptocurrency exchange platform (the "**Affected Users**") in their proceedings under the *Companies' Creditors Arrangement Act* before the Supreme Court of Nova Scotia (the "**CCAA Proceedings**"). I understand that, by opting out of representation, if I wish to take part in the CCAA Proceedings, I would need to do so as an independent party. I am responsible for retaining my own legal counsel should I choose to do so, and that I would be personally liable for the costs of my own legal representation.

I understand that a copy of this Opt-Out Notice will be provided to the Representative Counsel and to the Applicants.

Date

Signature

Name (please print):

Address:

Telephone:

E-mail
