

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Binance said Nov. 8 it intends to acquire FTX.

**Jason Bramwell** • Nov. 09, 2022



In a move that sent shockwaves throughout the crypto industry on Tuesday, crypto exchange Binance said it intends to buy FTX, likely rescuing its troubled competitor from a rumored bankruptcy.

The CEOs of both exchanges—Changpeng Zhao of Binance and Sam Bankman-Fried of FTX—took to Twitter to confirm the news on Tuesday.

This afternoon, FTX asked for our help. There is a significant liquidity crunch. To protect users, we signed a non-binding LOI, intending to fully

acquire <https://t.co/BGtFlCmLXB> and help cover the liquidity crunch. We

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

— SBF (@SBF\_FTX) [November 8, 2022](#)

In the thread on Twitter, Bankman-Fried went on to say:

- 2) Our teams are working on clearing out the withdrawal backlog as is. This will clear out liquidity crunches; all assets will be covered 1:1. This is one of the main reasons we've asked Binance to come in. It may take a bit to settle etc. — we apologize for that.
- 3) But the important thing is that customers are protected.
- 4) A \*huge\* thank you to CZ, Binance, and all of our supporters. This is a user-centric development that benefits the entire industry. CZ has done, and will continue to do, an incredible job of building out the global crypto ecosystem, and creating a freer economic world.
- 5) I know that there have been rumors in media of conflict between our two exchanges, however Binance has shown time and again that they are committed to a more decentralized global economy while working to improve industry relations with regulators. We are in the best of hands.

Bankman-Fried also clarified that the deal does not impact FTX's U.S. operations. He said, "FTX.us's withdrawals are and have been live, is fully backed 1:1, and operating normally."

Yesterday's news did not stop a volatile market from becoming less volatile. The entire market's capitalization [now stands at \\$900 billion](#), down from \$3 trillion just one year ago, while major cryptocurrencies were down by double-digit percentages,

the [New York Times](#) reported. [Forbes](#) reported that Bitcoin is down over 10% over the

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Binance team globally a few hours ago.<https://t.co/10NRtEEG1pic.twitter.com/XGIIJB7EV5>

— CZ  Binance (@cz\_binance) [November 9, 2022](#)

So how did it come to this? The NYT explained:

Binance, an early investor in FTX turned rival, said over the weekend that it planned to sell its holdings in FTT, a token used for trading on FTX's platform — a stunning move that cast doubt on the financial health of FTX and its trading arm, Alameda Research. The token's value has plunged by roughly 80 percent in the past 36 hours to just under \$5.

Traders withdrew over \$1.2 billion from FTX on Monday alone, according to the research firm Nansen. By Tuesday, FTX had stopped processing withdrawals; its chief executive, Sam Bankman-Fried, who was reportedly casting about for a [financial lifeline from billionaires](#), finally turned to Binance for salvation.

[...]

At the beginning of the year, FTX was valued at \$32 billion, backed by heavyweight investors like BlackRock, SoftBank and Tiger Global. (Investors said yesterday [they were blindsided](#) by the deal.) The 30-year-old Bankman-Fried — known in the crypto world as S.B.F. — was said to have a net worth of over \$16 billion. But a [document leaked to CoinDesk](#) purportedly showed that FTX and Alameda,

whose finances had long been murky, were highly illiquid and

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

The NYT also noted that regulators believe the news [justifies more scrutiny](#) of crypto companies. “This is a major market event for the digital asset sector,” said Joe Rotunda of the Texas State Securities Board Enforcement Division, which [had already been investigating FTX](#).

Benefits • Digital Currency • Mergers and Acquisitions

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved