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[FTX Meltdown: What Happened and What's Next?](#)



The crypto world was recently rocked by the sudden bankruptcy of FTX, a popular, if not the most important cryptocurrency exchange. It was a shocking event for traders and investors alike, with many scrambling to make sense of what happened and why. So, what lessons have been learned from this incident, and what does the future hold for the exchange? Here's all you need to know.

What really happened to FTX?

FTX was a crypto exchange founded by Sam Bankman-Fried (SBF) who also owns Alameda Research, a crypto trading and investment firm. On November 2nd, CoinDesk released a report showing that Alameda's largest assets were billions of dollars worth of FTT (FTX's native token). Consequently, the CEO of Binance, Changpeng Zhao, tweeted that he was making plans to sell off Binance's FTT holdings. These developments led to panic and doubt concerning FTX's liquidity and solvency, causing the value of FTT to plummet. Several attempts were made to quell the rumors by Bankman-Fried, but they all failed

and FTX eventually filed for bankruptcy after a buyout deal from Changpeng Zhao didn't materialize.

What's Next for FTX?

At the moment, FTX has filed for bankruptcy and is undergoing restructuring. It's unclear what this will mean for the exchange, but SBF has now resigned, leaving new CEO John J. Ray III in charge of operations. The company is now taking steps to battle its liquidity crisis and so far, the new CEO has sourced and secured \$740 million in cryptocurrency which wouldn't be sufficient to recoup creditors.

Unlike traditional banks, crypto exchanges are not insured by the FDIC. As a result, investors who had stored their coins on FTX will recover their assets once the bankruptcy process unfolds and the creditors are paid out. At the moment, there have been no official statements from the new CEO concerning the company's future. The bankruptcy process has been ongoing and the exchange is still operational, however, it's unclear if it will be able to return to its former glory.

What is happening now if a series of media appearances by SBF, yesterday with the New York Times and this morning with ABC's Good Morning America.

[#StacyHerbert](#) interviewed him virtually during the [#AdoptingBitcoin](#) Conference in [#ElSalvador](#). He then was presented as a hero. Will the media promote a do-gooder image or vilify him like it rightfully did with Bernie Madoff?

Lessons Learned

FTX's incident has served as a lesson about liquidity, solvency, and risk management. Exchanges need to make sure their reserves are healthy and always maintain an adequate level of liquidity in order to prevent similar events from occurring. In addition, traders need to pay close attention to news reports concerning the exchanges they use in order to be aware of any potential risks. This year specially, we've had a few casualties because of the same reason: LUNA, Celcius, BlockFi. Will their founders and CEOs go to jail or will they remain free? Only time will tell.

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