

28 November 2022

Public Notice: AAX Exchange’s Prolonged Suspension of Withdrawals, User Protection, and Investor Safety in the Nigerian Crypto Market

1. AAX Exchange, a global digital asset exchange, was registered as a corporate member of SiBAN (Global Digital Asset Exchange category) in April 2022 as AAX Atom Asset Exchange, a private company limited by shares, with address at Trident Chambers, PO 1388, Victoria, Mahe, Seychelles. AAX offers spot trading, futures trading, P2P trading, and high yield savings products through its website <https://www.aax.com>.
2. On 12 November 2022, AAX announced that it was carrying out a system upgrade that would help protect its users from the multiple malicious attacks. According to AAX, “due to the failure of [its] third-party partner, some users' balance data were found abnormally recorded in [its] system.” Hence, AAX limited its services “to prevent further risks” while the “technical team has had to manually proofread and restore the system to ensure maximum accuracy of all users’ holdings”. AAX suspended withdrawals “to avoid fraud and exploitation” and promised to resume regular services “within 7-10 days”. Meanwhile, in its global announcement of 13 November 2022, [‘Important Update: Forward Through Adversity’](#), AAX created an [AAX User Withdrawal Request Form](#) for withdrawal and other operational requests and warned that manual withdrawals would “take longer than usual”. AAX said it has “set up a dedicated Task Force to closely monitor the situation and provide daily updates every day at 12:00 pm (UTC+8) on [its] official social media and Telegram communities, including the status of daily withdrawals and the progress of [its] system updates”.

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Member: Blockchain Industry Coordinating Committee of Nigeria ([BICCON](#)); Fintech Alliance Coordinating Team ([FACT](#)); [Fintech Association of Nigeria](#)’s Regulators Forum; Blockchain Associations Forum ([BAF](#)); Centre for Evidence-Based Blockchain ([CEEB](#)); International Digital Asset Exchange Association ([IDAXA](#))-unofficial member status; Global Digital Asset & Cryptocurrency Association ([Global DCA](#)); Key stakeholder in Nigeria’s [National Blockchain Adoption Strategy](#) by the Federal Ministry of Communications & the Digital Economy and the National Information Technology Development Agency (NITDA)

AAX also promised “to provide the highest level of transparency on [its] liquidity and risk management”.

3. It has been over 10 days since the system upgrade was announced by AAX on 12 November 2022. This has understandably caused serious suspicions, panic, and distrust amongst AAX users, particularly Nigerian users, the industry at large, and the general members of the public. Considering that AAX’s system upgrade came at a time FTX collapse is still causing a contagion effect on the entire crypto industry, AAX's timing of its system upgrade was suspicious and questionable in the first place. Consequently, for many AAX users and the members of the public, the prolonged AAX system upgrade till the time of writing this notice significantly raises more questions than answers. And AAX, contrary to its promise to maintain a daily update of the situation, has so far neglected or failed to maintain the trust and confidence of its users.
4. For the avoidance of doubt regarding the liabilities or otherwise of AAX local staff and ambassadors, we are aware that AAX headquarters, at least as far as the Nigerian market is concerned, maintains 100% managerial control. **Therefore, we appeal to and discourage any dissatisfied or angry user or investor from harassing or victimizing the AAX Country Manager (Nigeria), other local staff members, and AAX ambassadors nationwide. These persons are also facing the same situation as disgruntled users and investors are. At the time of writing this notice, we are aware that communication between these persons and AAX headquarters has been equally strained at this time.** We therefore appeal for understanding and patience from all Nigerian AAX users.
5. As a corporate member of SiBAN, AAX is obligated to maintain accountability, transparency, and integrity. Our [Code of Conduct for Virtual Asset Service Providers \(VASPs\) in Nigeria](#) encourages and promotes best practices amongst VASPs. If protecting users is AAX’s highest priority as it boasts in its public announcement, AAX should immediately take steps to close the gaps by bridging communication between itself and its local staff in Nigeria on the one hand, and between AAX and its Nigerian users on the other hand. For the records, some of the affected AAX users are SiBAN members. The AAX Country Manager is also a SiBAN member, currently seating as Vice President, Blockchain Education & Adoption. Also, a number of AAX student

ambassadors are on SiBAN platform. Therefore, AAX must be transparent in its dealing with all parties.

6. Meanwhile, internally, SiBAN leadership will take administrative steps to engage AAX towards a possible resolution of this matter. The situation, potentially affecting consumer protection and investor safety, requires prompt response by AAX. At SiBAN, we will always act in the best interest of the industry, ensuring best practices are upheld in the Nigeria blockchain & crypto market. We will publish further updates as soon as we have fresh developments.
7. We use this opportunity to call on all corporate members of SiBAN who may have any issues that may possibly or effectively affect the availability of their regular services to its users to please contact us as soon as possible. In this way, we will both be able to avoid or at least minimize the effects of abrupt or sudden managerial decisions concerning your operations in Nigeria that may affect users, investors, and other stakeholders. Informed by current developments post-FTX collapse, SiBAN will review its membership requirements and onboarding process for corporate members and take necessary measures aimed at safeguarding our nascent industry. Also, following the industry's resolution at the recent [Nigeria Blockchain Industry Roundtable/Dinner](#), SiBAN will engage the members of the public more towards ensuring consumer protection and investor safety in the Nigerian blockchain & crypto industry. The FTX collapse is an urgent call to all VASPs to be more responsible, particularly regarding user funds and all the risk management and corporate governance this requires.
8. SiBAN is the Stakeholders in Blockchain Technology Association of Nigeria, Nigeria's blockchain association. We drive blockchain awareness, adoption, and advocacy and encourage best practices through self-regulation, thus ensuring responsible innovation and regulation in Nigeria. Find out more about us here <https://siban.org.ng>

Yours faithfully



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