

Administrative Proceeding File No. 3-22382 – Comment on Proposed Plan of Distribution (Tai Mo Shan Limited)

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To the Office of the Secretary
U.S. Securities and Exchange Commission

Re: In the Matter of Tai Mo Shan Limited, Administrative Proceeding File No. 3-22382 – Comment on the Proposed Plan of Distribution noticed August 20, 2026 (Release No. 34-106168)

I write on behalf of a group of UST purchasers with aggregate losses of approximately USD 50 million. We purchased UST during the Relevant Period, but none of us holds an allowed Crypto Loss Claim in the Terraform Labs Chapter 11 case (D. Del., Case No. 24-10070). We recognise that this comment arrives after the 30-day comment period and respectfully ask the Commission and its staff to consider it before approving the Plan. The proposed allocation does not adequately account for recoveries available to some claimants, but unavailable to others, for the same UST losses.

1. Why our group has no Terraform claim

Our claims were not allowed in the Terraform Chapter 11 case because they were not filed by the Crypto Loss Claim bar date. None was rejected on its merits. Our losses arose from UST purchases during the same period as those of claimants who did file on time.

Most of our members are non-US investors who held UST through offshore exchanges. They did not learn of the US claims process until after the bar date had passed. At least one member sought leave to file a late claim, but the motion was denied because the bar date had passed. We therefore have no route to recovery through the Terraform wind-down trust.

A missed deadline in a separate bankruptcy proceeding does not diminish the losses for which we seek compensation from this Fair Fund. It does, however, create a material difference between claimants when the Fair Fund is allocated: some have an allowed right to recover through the Terraform process, while we do not.

2. The gap in the Plan's allocation methodology

Exhibit A, Section V.A calculates each Eligible Claimant's Pro-Rata Percentage using that claimant's gross Recognized Loss divided by the gross Recognized Losses of all Eligible Claimants. Section V.B then applies an Offset for Prior Recovery, but only as a cap on the claimant's eventual Fair Fund payment. It covers compensation already "received from another source" to the extent known by the Fund Administrator.

That approach leaves two gaps. First, an allowed Terraform claim may produce distributions only after this Fair Fund has paid out, so those distributions will not be captured as a Prior Recovery. Second, even a recovery already received may have no effect on the pro-rata allocation if the claimant's Fair Fund payment remains below the Plan's cap. In that case, the claimant's gross loss still receives the same weight in dividing a limited fund as the gross loss of an investor with no other recovery.

The relevant issue is whether compensation attributable to the same UST loss is reflected when this Fair Fund is allocated. The Division previously identified coordination with the Terraform proceedings and related distributions as a reason additional time was needed to develop the Plan (Release No. 34-104875). We ask the Commission to address that coordination in the allocation itself.

3. Requested allocation method

We ask the Commission to amend Exhibit A, Section V so that the Fair Fund equalises claimants' expected *total recovery* on the same UST loss, taking account of both this Fair Fund and the Terraform wind-down trust.

For each Eligible Claimant, the Fund Administrator should determine: (i) the claimant's Recognized Loss under this Plan; and (ii) any cash distributions received or reasonably expected on an allowed Terraform Crypto Loss Claim attributable to that same loss. An allowed claim's face amount should not be treated as a recovery. The relevant amount is what the claimant has received or is reasonably expected to receive from the trust.

The Fund Administrator should then calculate Fair Fund payments to bring each claimant's combined expected recovery to a common percentage of Recognized Loss, subject to a cap of the claimant's remaining uncompensated loss. A claimant with no allowed Terraform claim would have no expected Terraform recovery in that calculation. A claimant with an allowed claim would receive a smaller Fair Fund payment to the extent that the trust is expected to compensate the same loss.

For example, if two investors each have a \$100 Recognized Loss, and one is expected to recover \$30 from the Terraform trust while the other has no allowed claim, a 40% combined recovery would mean a \$40 Fair Fund payment to the latter and a \$10 Fair Fund payment to the former. Both would then have an expected \$40 recovery on the same \$100 loss.

We request the following implementation steps:

(a) Require the Claim Form to identify any allowed Terraform Crypto Loss Claim and disclose its allowed amount and distributions received. The Fund Administrator should seek confirmation from the wind-down trust and determine the extent to which that claim overlaps the UST loss recognised under this Plan.

(b) Use the best available trust information to estimate the *cash recovery*, rather than offsetting the allowed amount dollar for dollar. Disclose the estimation method in the amended Plan and update it before the final Payee List is approved.

(c) If a reliable estimate is unavailable when Fair Fund payments are ready, make an initial distribution to eligible claimants with no allowed Terraform claim and hold back payments attributable to overlapping allowed claims. Once the relevant trust recovery can be estimated or established, distribute the remaining Fair Fund using the equal total recovery rule. This would let investors with no other recovery receive timely compensation without permanently allocating their share to claimants who can also recover through the trust.

This method treats investors with the same recognised UST loss comparably based on the compensation available to them. It also avoids equating an allowed bankruptcy claim with a payment that may be much smaller or arrive years later.

We would welcome the opportunity to provide further information to Commission staff or the Fund Administrator.

Respectfully submitted,

William Wu

On behalf of a group of UST purchasers without allowed Terraform Chapter 11 claims
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