

**IMPORTANT 2020 TAX RETURN INFORMATION FOR U.S. INVESTORS OF
GALAXY DIGITAL HOLDINGS LTD. (“GDHL”) COMMON STOCK**



THIS NOTICE CONTAINS IMPORTANT INFORMATION REGARDING GDHL’S STATUS AS A PASSIVE FOREIGN INVESTMENT COMPANY (A “PFIC”) FOR 2020 AND PRIOR TAXABLE YEARS THAT YOU SHOULD CONSIDER AND ACT UPON BEFORE FILING YOUR 2020 U.S. FEDERAL INCOME TAX RETURN.

YOU ARE URGED TO CONSULT WITH YOUR TAX ADVISER REGARDING THE MAKING OF THE ELECTIONS DESCRIBED BELOW BEFORE FILING YOUR 2020 U.S. FEDERAL INCOME TAX RETURN.

Under the U.S. Internal Revenue Code of 1986, as amended (the “Code”), GDHL will be a PFIC for any U.S. federal taxable year for which either (i) 75% or more of its gross income for the year constitutes “passive income” or (ii) the average value of its assets during the year that produce or are held for the production of “passive income” is at least 50% of its total assets. **Although the application of these rules is uncertain in certain respects, GDHL has determined that it was likely a PFIC for its 2020 and 2019 taxable years.**

If GDHL is a PFIC for any taxable year that is included in your holding period for GDHL common stock and you do not make certain elections with respect to such stock (two of which are described below), you generally will be subject to a special set of unfavorable U.S. federal income tax rules with respect to any gain recognized on the sale or other disposition of your GDHL common stock. Under these rules, any gain you recognize upon a sale or exchange of your GDHL common stock will be allocated ratably over your holding period for your GDHL common stock. Gain allocated to the taxable year of sale or disposition or to the period in your holding period before the first day of GDHL’s first taxable year in which it is a PFIC will be taxed as ordinary income. Gain allocated to other taxable years (or portions thereof) and included in your holding period will be taxed at the highest tax rate in effect for that year and applicable to you (without regard to other items of income and loss for such year), and an additional amount equal to the interest charge generally applicable to underpayments of tax will be imposed with respect to the tax attributable to each such other taxable year. Similar tax rules may apply to all or a portion of any distribution received with respect to your GDHL common stock. Subject to the discussion of PFIC elections below, these special rules will apply even if GDHL is no longer a PFIC in the taxable year of sale.

The rules described above regarding the recognition of gain on a sale of PFIC stock by you could also apply if GDHL engages in a transaction that otherwise would qualify as a reorganization in which you would not otherwise be required to recognize gain on your GDHL common stock for U.S. federal income tax purposes. As a result, it is possible that GDHL could engage in a business combination or other transaction, in which you would be required to recognize gain on your GDHL common stock (or the stock of any other corporation you receive in exchange for your GDHL common stock) and be subject to tax as described in the preceding paragraph, even though you would otherwise be permitted to avoid recognizing and paying tax on such gain under another provision of the Code. There can be no assurance that GDHL will not engage in such a business combination or internal reorganization in the future.

To mitigate or avoid the application of these unfavorable rules, we strongly encourage each U.S. investor to consider making one or both of the elections described below on its originally-filed U.S. federal income tax return for 2020.

1. *“Qualified Electing Fund” Election.* All U.S. investors who held GDHL common stock at any time during 2020 should consider making an election (a “QEF election”) with respect to GDHL, effective for the 2020 taxable year. By making a QEF election with respect to your GDHL common stock, you will include in your taxable income for each year your pro rata share of GDHL’s net capital gains (as long-term capital gain) and other earnings and profits (as ordinary income), on a current basis, in each case whether or not distributed, in the taxable year within which GDHL’s taxable year ends. For 2020, GDHL did

not have any net capital gains or other earnings and profits, and therefore you will not be required to include any amount in your income for 2020 by reason of making the QEF election. The QEF election will continue to be in effect for each future taxable year in which GDHL is a PFIC, and generally may not be revoked without the consent of the Internal Revenue Service (“IRS”).

If you make a valid QEF election with respect to your GDHL common stock for 2020, and did not hold such GDHL common stock in 2019 or 2018, the PFIC rules described above will not apply to your later sale or other disposition of such GDHL common stock, including in a transaction that otherwise qualifies for nonrecognition treatment, without regard to whether GDHL is a PFIC in 2021 or later years.

A QEF election is made by completing IRS Form 8621 (including by checking Part II Box A and completing Part III in such form) and attaching the completed IRS Form 8621 to your timely-filed (taking into account extensions) 2020 U.S. federal income tax return. The IRS Form 8621 must reflect information provided in GDHL’s PFIC Annual Information Statement for 2020. Please see Exhibit A for GDHL’s PFIC Annual Information Statement for 2020.

2. ***“Deemed Sale” Election.*** If you acquired your GDHL common stock in 2019 or 2018, in addition to making the QEF election described above, you should strongly consider also making a “deemed sale” election, pursuant to which you will be deemed to have sold your GDHL common stock on January 1, 2020, at its fair market value and any gain recognized on such deemed sale will be subject to the PFIC sale or disposition rules described above. **If you do not make a “deemed sale” election in addition to making the QEF election described above, with respect to your GDHL common stock, the PFIC rules described above will continue to apply to your later sale or other disposition of such GDHL common stock, including in a transaction that otherwise qualifies for nonrecognition treatment, without regard to whether GDHL is a PFIC in 2021 or later years.** The rules with respect to the “deemed sale” election do not provide any specific rules for determining the fair market value of stock for purposes of the “deemed sale” election. A reasonable method for valuing GDHL common stock under a deemed sale election for the 2020 taxable year would be to use the closing price of GDHL common stock on the Toronto Stock Exchange (TSX) as of December 28, 2019, the last trading day before January 1, 2020, which was CAD \$1.08.

A “deemed sale” election is made by completing IRS Form 8621 (including by checking Part II Box D and completing Part V in such form), reporting the gain recognized, if any, upon the stock deemed sold as an excess distribution, attaching the completed IRS Form 8621 to your 2020 U.S. federal income tax return, and paying the tax and interest due on the excess distribution.

While GDHL believes that it was a PFIC for its 2020 taxable year, the application of the PFIC rules is uncertain, and it is possible that GDHL may in fact not have been a PFIC for its 2020 taxable year. If GDHL was not a PFIC for its 2020 taxable year but was a PFIC for its 2019 taxable year, and you held GDHL common stock in 2019, then the deemed sale election described above would be unavailable with respect to the GDHL common stock you

acquired in 2019 or a prior year. You could, however, consider making a different “deemed sale” election for shareholders of former PFICs, pursuant to which you would be treated as having sold your GDHL common stock on December 31, 2019, with any gain recognized on such deemed sale being subject to the PFIC sale or disposition rules described above on your 2019 tax return. In order to make this election, you would need to amend your 2019 U.S. federal income tax return and include a deemed sale election. You should consult your tax adviser as to (i) the treatment of GDHL as a PFIC for its 2020 taxable year, and (ii) the advisability of making this “deemed sale” election for a former PFIC if GDHL is not a PFIC for its 2020 taxable year, but was a PFIC for its 2019 taxable year.

For additional information regarding GDHL’s PFIC status and the elections described in this notice, please see “Frequently Asked Questions about the Passive Foreign Investment Company Qualified Electing Fund and PFIC Deemed Sale Elections.”

Galaxy Digital Holdings Ltd. (“GDHL”)
EIN: 20-4301684

PFIC Annual Information Statement

1. This Information Statement applies to the taxable year of GDHL commencing on January 1, 2020 and ending on December 31, 2020.
2. The per-share, per-day amounts of ordinary earnings and net capital gains for each share of GDHL common stock for the period specified in paragraph (1) are as follows:

<i>Company</i>	<i>Ticker</i>	<i>Ordinary Earnings per-day per-share (US\$)</i>	<i>Net Capital Gains per-day per-share (US\$)</i>
<i>Galaxy Digital Holdings Limited</i>	GLXY	\$0	\$0

To determine your pro-rata share of the amounts of ordinary earnings and net capital gains attributable to each share of GDHL common stock that you held directly and indirectly, as noted above, multiply the per-day, per-share amounts indicated by the number of shares of GDHL common stock held and the number of days you held the shares during the period specified in paragraph (1).

3. The per-share amounts of cash and fair market value of other property distributed or deemed distributed by GDHL to shareholders during the period specified in paragraph (1) are as follows:

<i>Company</i>	<i>Record Date</i>	<i>Cash/Property Distribution per share (US\$)</i>
<i>Galaxy Digital Holdings Limited</i>	N/A	\$0

4. GDHL will, upon receipt of a request, permit you to inspect and copy its permanent books of account, records, and such other documents as may be maintained by GDHL to establish that its ordinary earnings and net capital gains are computed in accordance with U.S. income tax principles and to verify these amounts and your pro-rata shares thereof.

Sam Lee

Name: Sam Lee
Title: Authorized Signatory, Galaxy Digital Holdings Ltd.
Date: March 15, 2021

**FREQUENTLY ASKED QUESTIONS ABOUT THE PASSIVE FOREIGN
INVESTMENT COMPANY QUALIFIED ELECTING FUND AND PFIC DEEMED
SALE ELECTIONS (“FAQs”)**

General

1. To whom are the passive foreign investment company (“PFIC”) rules relevant?

The PFIC rules likely are relevant to you if you are a United States person for U.S. federal income tax purposes. These FAQs assume that you are a United States person for those purposes. However, the PFIC rules may also be relevant to you if you are an entity with direct or indirect owners that are United States persons. If you are such an entity, you should consult with your tax adviser regarding the application of these rules to you and your owners.

2. What is a PFIC?

A non-U.S. corporation is a PFIC for any U.S. federal taxable year for which either (i) 75% or more of its gross income for the year constitutes “passive income” or (ii) the average value of its assets during the year that produce or are held for the production of “passive income” is at least 50% of its total assets. “Passive income” generally includes, among other things, dividends, interest, rents and royalties (other than rents or royalties derived from the active conduct of a trade or business), the excess of gains over losses from the disposition of certain assets giving rise to passive income or which do not give rise to any income, and, subject to certain exceptions, the excess of gains over losses from transactions in commodities.

3. Is Galaxy Digital Holdings Ltd. (“GDHL”) a PFIC?

Although it is uncertain, GDHL has determined that it was likely a PFIC for its 2020 and 2019 taxable years.

4. What are the tax consequences to me of GDHL being a PFIC?

If GDHL is a PFIC, and if you do not make the election described below under “**QEF Election**” (and, if you held your GDHL common stock before 2020, you do not also make the election described below under “**PFIC Deemed Sale Election**”), you generally will be subject to a special set of unfavorable U.S. federal income tax rules with respect to any gain recognized on the sale or other disposition of your GDHL common stock, and certain distributions, if any, that you receive from us on your GDHL common stock. Specifically, any gain you recognize upon a sale or exchange of your GDHL common stock will be allocated ratably over your holding period for your GDHL common stock, and gain allocated to the taxable year of sale or disposition or to the period in your holding period before the first day of GDHL’s first taxable year in which it is a PFIC will be taxed as ordinary income. Gain allocated to other taxable years (or portions thereof) included in your holding period will be taxed at the highest tax rate in effect for that year applicable to you (without regard to other items of income and loss for such year), and an additional amount equal to the interest charge generally applicable to underpayments of tax will be imposed with respect to the tax attributable to each such other taxable year. Similar tax rules may apply to all or a portion of

any distribution received with respect to your GDHL common stock. We refer to these special U.S. federal income tax rules as the “PFIC Excess Distribution Rules.”

5. *What if GDHL is a PFIC in 2020, but isn't a PFIC in 2021 or later years?*

Unless you make the election described below under “**QEF Election**” and, if applicable, the election described below under “**PFIC Deemed Sale Election**,” the PFIC Excess Distribution Rules will apply to your future disposition of GDHL common stock even if GDHL is no longer a PFIC in 2021 or future years. This rule is commonly referred to as the “once a PFIC, always a PFIC” rule.

6. *What if GDHL engages in a business combination or other transaction in which I would not recognize gain or loss with respect to my GDHL common stock?*

The PFIC Excess Distribution Rules could also apply if GDHL engages in a transaction in which you would not otherwise be required to recognize gain on your GDHL common stock for U.S. federal income tax purposes. As a result, it is possible that GDHL could engage in a business combination or other transaction, in which you would be required to recognize gain on your GDHL common stock (or the stock of any other corporation you receive in exchange for your GDHL common stock) and be subject to tax under the PFIC Excess Distribution Rules, even though you would otherwise be permitted to avoid recognizing and paying tax on such gain under another provision of U.S. tax law.

7. *What can I do to mitigate or avoid the application of the PFIC Excess Distribution Rules?*

To avoid the application of the PFIC Excess Distribution Rules to your later sale or other disposition of your GDHL common stock (which may include in a transaction that otherwise qualifies for nonrecognition treatment), or to future distributions you may receive from us on your GDHL common stock, you should consider making a “qualified electing fund” election (a “QEF election”) with respect to your GDHL common stock for 2020 on your 2020 U.S. federal income tax return and, if you held your GDHL common stock prior to 2020, you should also consider making a “PFIC deemed sale election” in addition to a QEF election. These elections are described further below under “**QEF Election**” and “**PFIC Deemed Sale Election**.”

8. *Should I talk to my tax adviser about GDHL's PFIC status and these elections before I file my 2020 U.S. federal income tax return?*

Yes. It is important that you talk to your tax adviser about GDHL's PFIC status, making a QEF election, and possibly a PFIC deemed sale election, with respect to your GDHL common stock before you file your 2020 U.S. federal income tax return. This is because, among other things, a QEF election for 2020 can be made only on your originally-filed 2020 U.S. federal income tax return.

QEF Election

9. What is a QEF election?

A QEF election is an election to treat a PFIC as a “qualified electing fund.”

10. What are the general consequences of making a QEF election?

If you make a QEF election with respect to your GDHL common stock, you will include in your taxable income for each year your pro rata share of GDHL’s net capital gains (as long-term capital gain) and other earnings and profits (as ordinary income), on a current basis, in each case whether or not distributed, in the taxable year within which GDHL’s taxable year ends. For 2020, GDHL did not have any net capital gains or other earnings and profits, and therefore you will not be required to include any amount in your income for 2020 by reason of making the QEF election. There can be no assurance, however, that GDHL will not have net capital gains or other earnings and profits in 2021 or future years.

11. How do I make a QEF election?

A QEF election is made by completing Internal Revenue Service (“IRS”) Form 8621 (including by checking Part II Box A and completing Part III in such form) and attaching the completed IRS Form 8621 to your timely-filed (taking into account extensions) 2020 U.S. federal income tax return. The IRS Form 8621 must reflect information provided in GDHL’s PFIC Annual Information Statement for 2020.

12. What if I hold GDHL through a U.S. partnership?

If you hold GDHL common stock indirectly through a U.S. entity that is treated as a partnership for U.S. federal income tax purposes, only the partnership may make the QEF election.

13. If I acquired my GDHL common stock in 2020 and make a QEF election for 2020, will I still be subject to the PFIC Excess Distribution Rules on a later sale or disposition of my GDHL common stock?

If you acquired your GDHL common stock in 2020 and make a QEF election for 2020, the PFIC Excess Distribution Rules will not apply to your later sale or other disposition of your GDHL common stock (which may include in a transaction that otherwise qualifies for nonrecognition treatment), or on future distributions you may receive from us on your GDHL common stock, even if GDHL is a PFIC in 2021 or later years.

14. If I acquired my GDHL common stock prior to 2020 and make a QEF election for 2020, will I still be subject to the PFIC Excess Distribution Rules on a later sale or disposition of my GDHL common stock?

Yes, unless you make a PFIC deemed sale election, as described below, with respect to GDHL common stock acquired prior to 2020, in addition to making the QEF election for 2020.

15. Will the QEF election apply for years after 2020?

Yes, the QEF election will remain in effect for years after 2020. However, if GDHL is not a PFIC in any future taxable year, for that taxable year you will not be required to include in your taxable income your pro rata share of GDHL's net capital gains (as long-term capital gain) and other earnings and profits (as ordinary income), on a current basis as described above under FAQ #10.

16. Can I revoke the QEF election?

No, a QEF election generally may not be revoked without the consent of the IRS.

17. Can I make a QEF election but defer payment of the tax on my share of the PFIC's income?

There is an option to elect to postpone payment of tax with respect to your share of the PFIC's net capital gains and other earnings and profits to the extent such income is not distributed by GDHL. This election is an annual election (made on IRS Form 8621 by checking Part II Box B and completing Part III lines 8 and 9). An interest charge (the amount generally applicable to underpayments of tax) applies with respect to the deferred taxes, and the status of prior elections must be reported annually in Form 8621 Part VI. Consult your tax adviser about whether to make this election to defer payment of tax on QEF undistributed earnings.

PFIC Deemed Sale Election

18. What is a PFIC deemed sale election?

A PFIC deemed sale election is an election to be treated as having sold your GDHL common stock at its fair market value on the first day of the GDHL taxable year in which the QEF election applies.

19. Can I make a PFIC deemed sale election without also making a QEF election?

No. To be eligible to make a PFIC deemed sale election, you must also make a QEF election with respect to the PFIC.

20. Why would I make a PFIC deemed sale election?

If you acquired your GDHL common stock prior to 2020 and make a QEF election but do not make a PFIC deemed sale election with respect to such GDHL common stock, your GDHL common stock purchased before 2020 will remain subject to the PFIC Excess Distribution Rules on a later sale or other disposition of your GDHL common stock (which may include in a transaction that otherwise qualifies for nonrecognition treatment), or to future distributions you may receive from us on your GDHL common stock, even if GDHL is not a PFIC in 2021 or later years. If you make a PFIC deemed sale election in addition to a QEF election, your GDHL common stock will be treated as stock in a "pedigreed QEF" and the PFIC Excess Distribution Rules will no longer apply to a later sale or disposition of your

GDHL common stock, or to future distributions you may receive from us on your GDHL common stock, even if GDHL is a PFIC in 2021 or later years.

21. What are the general tax consequences of making the PFIC deemed sale election?

Any gain recognized by you on the deemed sale will be subject to the PFIC Excess Distribution Rules. If you hold GDHL common stock indirectly, the amount of gain you will recognize will equal the amount of gain a direct owner of such stock would have realized upon an actual sale or exchange of the stock indirectly owned by you.

22. How will the deemed sale election affect the basis and holding period in my GDHL common stock?

The gain recognized on the deemed sale, if any, will increase your basis in your GDHL common stock and your holding period will restart for purposes of applying the PFIC rules. For all other U.S. federal income tax purposes, your holding period in GDHL common stock will not restart and your historical holding period continues to apply. If you held the GDHL common stock indirectly, you will increase your adjusted basis in the stock or other interests in the entity through which you hold GDHL common stock.

23. Can I make a deemed sale election even if I would realize a loss in the deemed sale?

Yes. A loss on the deemed sale is reported on IRS Form 8621, but is not recognized. The loss also will not decrease your basis in the GDHL common stock.

24. How do I determine the fair market value of my GDHL common stock for purposes of making a PFIC deemed sale election?

The relevant tax rules do not prescribe any specific method for determining the fair market value of stock for purposes of the PFIC deemed sale election. A reasonable method for determining the fair market value of GDHL common stock for purposes of making the PFIC deemed sale election for the 2020 taxable year would be to use the closing price of GDHL common stock on the Toronto Stock Exchange (TSX) as of December 28, 2019, the last trading day before January 1, 2020, which was CAD \$1.08.

25. How do I make a PFIC deemed sale election?

A PFIC deemed sale election is made by completing IRS Form 8621 (including by checking Part II Box D and completing Part V in such form), reporting the gain recognized, if any, upon the stock deemed sold as an excess distribution, attaching the completed IRS Form 8621 to your 2020 U.S. federal income tax return, and paying the tax and interest due on the excess distribution. If you hold GDHL common stock indirectly through a U.S. entity that is treated as a partnership for U.S. federal income tax purposes, you would make the PFIC deemed sale election and the partnership would make the QEF election.

26. *Can I make the PFIC deemed sale election if GDHL wasn't a PFIC in 2020, but was in 2019?*

GDHL believes it was likely a PFIC for 2020. However, if it was later determined that GDHL was not a PFIC in 2020 but was a PFIC in 2019 or a prior year that you held GDHL common stock, a PFIC deemed sale election would not be valid, and you would need to make a different election, which we refer to as a "Former PFIC deemed sale election," in order to avoid the application of the PFIC Excess Distribution Rules on a later sale or other disposition of your GDHL common stock (which may include a transaction that otherwise qualifies for nonrecognition treatment), or to future distributions you may receive from us on your GDHL common stock, even if GDHL is not a PFIC in 2021 or later years. You should consult your tax adviser concerning (i) the possibility of it being later determined that GDHL was not a PFIC in 2020 and (ii) making a Former PFIC deemed sale election.