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# **DIGITAL ASSETS AND PROPRIETARY RIGHTS: A CROSS-BORDER STUDY OF CRYPTOCURRENCY AS PROPERTY IN COMPARATIVE JURISPRUDENCE**

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## **ABSTRACT**

This research paper examines the decision of the Madras High Court in *Rhutikumari v. Zanmai Labs Pvt. Ltd.* within the broader evolution of private law treatment of cryptocurrency in cross-border disputes. The judgment addresses the availability of interim relief in India in support of foreign-seated arbitration, the characterization of cryptoassets as property capable of proprietary protection, and the interaction between domestic judicial remedies and foreign restructuring processes affecting platform users. Through comparative analysis, this research paper situates the decision alongside jurisprudence from England, Singapore, New Zealand, Hong Kong, and the United States, highlighting developments in the treatment of crypto custody, proprietary interests, and insolvency outcomes.

The reasoning reflected in the judgment aligns with a wider common law movement recognizing digital tokens as intangible property, while also illustrating the continuing importance of contractual structure in determining whether exchange relationships are characterized as custodial or debtor-creditor in nature. Comparative authorities and regulatory developments demonstrate that the resolution of digital asset disputes frequently turns on platform documentation, segregation practices, and cross-border corporate arrangements. The Court's direction requiring security-based interim relief, rather than preservation of the specific digital asset, reflects a judicial approach calibrated to jurisdictional considerations and technical custody complexities arising in transnational settings.

This research paper also reviews legislative and regulatory developments across multiple jurisdictions, including European Union market regulation, Singaporean custody safeguards, United States commercial law reforms, and emerging Indian compliance frameworks. The decision is examined within the context of evolving proprietary doctrines, arbitration practice, and cross-border insolvency coordination. The analysis highlights the significance of contractual allocation of custody, control, and intra-group authority in determining legal outcomes in disputes involving cryptocurrency platforms, while situating the judgment within ongoing global developments concerning digital asset governance and proprietary rights.

## Introduction

The Madras High Court's ("**Court**") decision in *Rhutikumari v. Zanmai Labs Pvt. Ltd.* sits at the intersection of three fast-moving legal frontiers: the territorial reach of interim relief in foreign-seated arbitration, the private-law status of cryptoassets as "property," and the cross-border consequences of foreign restructuring processes for platform users whose assets and claims straddle jurisdictions.<sup>1</sup> The applicant, Rhutikumari, sought interim protection under Section 9 of India's Arbitration and Conciliation Act, 1996, after trading on a crypto platform operated by Zanmai, and finding her account frozen amid a major incident and ensuing restructuring proposals.

The Court adopted three determinations with implications extending beyond the immediate dispute. First, it held that relief under Section 9 could be granted in India notwithstanding an arbitration clause designating Singapore as the seat, noting that the applicant's ability to control and transact in the asset through the platform created a sufficient nexus to India for interim measures. Second, it characterized cryptocurrency as "property" under Indian law and as capable of forming the subject matter of a trust, drawing upon constitutional property principles as well as comparative common law developments recognizing proprietary interests in digital assets. Third, the Court addressed the practical context of a parallel foreign restructuring process. Rather than conclusively determining whether a foreign court sanctioned scheme would bind the applicant, it treated that question as one for the arbitral tribunal and fashioned a limited preservation measure by directing the provision of security through a bank guarantee or escrow arrangement denominated in fiat value.

This case note examines the Court's reasoning in a comparative context, situating the judgment alongside developments in foreign jurisprudence and regulatory practice. It considers how courts in other jurisdictions have addressed (i) the characterization of cryptoassets as property, (ii) the legal nature of exchange relationships, including trust based and debtor creditor structures, and (iii) the extent to which restructuring frameworks may permit forms of loss allocation that affect user balances.<sup>2</sup>

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<sup>1</sup> *Rhutikumari v. Zanmai Labs Pvt. Ltd.*, O.A. No. 194 of 2025, 2025 MHC 2437 (Mad. H.C. Oct. 25, 2025) (Anand Venkatesh, J.).

<sup>2</sup> *AA v. Persons Unknown* [2019] EWHC 3556 (Comm) (Eng.); *Janesh s/o Rajkumar v. Unknown Person (CHEFPIERRE)* [2022] SGHC 264 (Sing.); *ByBit Fintech Ltd. v. Ho Kai Xin* [2023] SGHC 199 (Sing.); *Ruscoe v. Cryptopia Ltd. (In Liquidation)* [2020] NZHC 728 (N.Z.); *Re Gatecoin Ltd. (In Liquidation)* [2023] HKCFI

## Factual and Procedural Posture

The Court recorded that the applicant held approximately 3,532.30 XRP coins on the trading platform known as WazirX, and that she sought an injunction restraining interference with her account/portfolio, including redistribution, apportionment, or reallocation. The applicant's relationship with the platform was governed by a user agreement dated August 01, 2023 that provided for arbitration under the rules of the Singapore International Arbitration Centre with a Singapore seat.

Against that contractual background, a cyberattack in July 2024 triggered platform-wide restrictions and a dispute about how to allocate the shortfall associated with the compromised assets. The broader factual matrix was not limited to domestic operations. The Court noted the role of a Singapore-incorporated parent, Zettai Pte. Ltd., and the existence of proceedings in the Singapore High Court that culminated in approval of a modified scheme of arrangement on October 13, 2025, with creditor voting reported at 95.7% in favor.<sup>3</sup>

The respondent resisted maintainability. Its core submission was that because the contractual seat was Singapore and the wallets were held outside India by a foreign entity, a Section 9 application in India did not lie. The applicant responded that a material part of the cause of action arose within India because she funded the purchase through an Indian bank account and accessed the platform from within India. The Court ultimately granted interim relief, but not by freezing or ring-fencing the specific XRP on-platform. It instead directed Zanmai to secure a rupee value (Rs. 9,56,000) by bank guarantee or escrow pending arbitration.

## Key Holdings & Reasoning

The Court's analysis can be read as a three-step chain: jurisdiction and statutory gateway, characterization of the asset and the user's interest, and the remedy calibrated to cross-border uncertainty.

- a) **Interim Relief in Foreign-Seated Arbitrations-** The Court addressed maintainability with reference to the Supreme Court's decision in PASL Wind Solutions (P) Ltd. v. GE

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914 (H.K.); *In re Celsius Network LLC*, 647 B.R. 631 (Bankr. S.D.N.Y. 2023).

<sup>3</sup> Rhutikumari, 2025 MHC 2437; WazirX, Singapore Court Sanctions Zettai's Creditor-Approved Restructuring Scheme (Oct. 16, 2025); Business Standard, Singapore High Court Gives Approval to WazirX's Scheme of Arrangement (Oct. 13, 2025).

Power Conversion India (P) Ltd., which construed the proviso to Section 2(2) as permitting Indian courts to grant specified interim measures in support of foreign seated arbitrations, subject to the statute and the parties' agreement.<sup>4</sup> In applying that framework, the Court recorded that the applicant accessed the platform from her residence and was unable to trade or liquidate the relevant holdings following the freeze. On a prima facie basis, it observed that the cryptoasset could be treated as held by the applicant in India through the platform interface and that the restraint arose from the platform's actions.

The judgment did not assign a physical situs to the blockchain ledger. It noted elsewhere that a bitcoin may be described as existing where its blockchain operates, reflecting the distributed nature of the network. The maintainability determination proceeded instead on the basis of the applicant's interaction with the platform interface and the operation of the restraint within the forum.

**b) Cryptocurrency as Property-** The Court identified the next issue as whether the applicant's position was to be characterized as that of an investor or as that of a proprietor in respect of the XRP, and whether the Singapore scheme of arrangement could operate so as to bind her. In addressing this question, the judgment referred to developments in foreign jurisprudence in which courts have recognized certain cryptoassets as property, including English authorities granting proprietary injunctions in relation to bitcoin, Singapore decisions recognizing proprietary remedies over digital tokens, and decisions from New Zealand and other common-law jurisdictions applying established property indicia such as those articulated in *Ainsworth*.<sup>5</sup>

Turning to Indian law, the Court noted that the term "property" has been interpreted broadly and may encompass valuable intangible interests. It referred to Supreme Court authorities that have adopted an expansive understanding of property in constitutional and fiscal contexts and concluded that cryptocurrency, although neither tangible property nor currency, may fall within the scope of property capable of beneficial enjoyment and capable, in principle, of being the subject of a trust. The Court also

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<sup>4</sup> Arbitration and Conciliation Act, No. 26 of 1996, § 2(2) proviso (India); *PASL Wind Sols. (P) Ltd. v. GE Power Conversion India (P) Ltd.*, (2021) 7 S.C.C. 1 (India).

<sup>5</sup> *Rhutikumari*, 2025 MHC 2437; *AA*, [2019] EWHC 3556 (Comm); *Janesh*, [2022] SGHC 264; *ByBit*, [2023] SGHC 199; *Ruscoe*, [2020] NZHC 728; U.K. Jurisdiction Taskforce, *Legal Statement on Cryptoassets and Smart Contracts* (Nov. 2019).

referred to the statutory definition of “virtual digital asset” in Indian tax legislation, observing that the framework contemplates transferability and electronic storage and trading.<sup>6</sup>

The judgment’s references to trust concepts bear upon the characterization of the legal relationship between platform and user. Where assets are held on trust or in a custodial fiduciary capacity, they may be treated differently from assets forming part of the platform’s own estate in an insolvency or restructuring context.<sup>7</sup> By contrast, where the relationship is characterized as debtor and creditor, users may stand in the position of unsecured creditors whose recovery depends upon applicable priority and distribution rules.<sup>8</sup> Comparative decisions indicate that this classification frequently turns on the contractual framework governing the platform relationship and on operational practices such as segregation or commingling, rather than on the recognition of cryptoassets as property in the abstract.<sup>9</sup>

- c) **Security-Based Interim Relief-** Although the Court referred to property and trust concepts, it did not direct platform level segregation or require in specie preservation of the XRP. Instead, it ordered the furnishing of a bank guarantee or the establishment of an escrow arrangement denominated in a specified rupee amount to preserve the subject matter pending arbitration. The judgment records considerations that appear to have informed this remedial approach.

First, the Court treated the question of whether the Singapore scheme would bind the applicant as an issue to be determined on the merits in arbitration. In view of the potential impact of the scheme on the applicant’s position, the Court considered interim protection appropriate pending determination by the arbitral tribunal. Second, the Court noted the factual distinction between the asset class identified as affected by the cyber incident, namely ERC-20 tokens, and the XRP held by the applicant. It recorded that the permissibility of adjustments across different categories of cryptoassets and wallets formed part of the disputed issues between the parties. In that context, the Court directed the provision of financial security as a measure capable of supervision and enforcement within the forum, without requiring oversight of

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<sup>6</sup> Income Tax Act, No. 43 of 1961, § 2(47A) (India).

<sup>7</sup> Ruscoe, [2020] NZHC 728; Re Gatecoin, [2023] HKCFI 914.

<sup>8</sup> In re Celsius, 647 B.R. 631.

<sup>9</sup> Re Gatecoin, [2023] HKCFI 914; In re Celsius, 647 B.R. 631.

technical custody arrangements or transfers across wallets or related entities.

### **Cross-Jurisdictional Analysis**

The judgment's comparative references align, in general terms, with developments across common-law jurisdictions. Comparative practice, however, indicates that three analytically distinct questions arise and require separate consideration: (i) whether cryptoassets are capable of classification as property, (ii) whether the relevant defendant holds such assets in a trust or custodial capacity as opposed to a debtor creditor relationship, and (iii) whether restructuring mechanisms may modify user entitlements in the absence of clear contractual authorization. Each of these questions is examined separately in the sections that follow:

#### **a) Digital Assets as Property: Emerging Consensus**

English courts have recognized bitcoin and related cryptoassets as capable of constituting property for the purposes of proprietary injunctions and tracing, drawing in part on the UK Jurisdiction Taskforce's 2019 Legal Statement and established common-law indicia such as those articulated in *Ainsworth*.<sup>10</sup> This position has since received statutory confirmation through the Property (Digital Assets etc.) Act 2025, which provides that an item is not excluded from being an object of personal property rights solely because it does not fall within traditional categories of things in possession or things in action. The legislation addresses residual classification concerns while leaving the development of substantive principles to the common law.

Courts in Singapore have adopted a similar approach, recognizing cryptoassets and non-fungible tokens as property and granting proprietary injunctions and constructive trust relief in appropriate cases, including *Janesh* and *ByBit*.<sup>11</sup>

In New Zealand, the High Court in *Ruscoe v. Cryptopia* held that cryptocurrencies constitute a form of intangible property capable of being held on trust, particularly in the context of liquidation and claims by users to exchange-held assets.<sup>12</sup>

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<sup>10</sup> AA, [2019] EWHC 3556 (Comm); U.K. Jurisdiction Taskforce, Legal Statement on Cryptoassets and Smart Contracts (Nov. 2019).

<sup>11</sup> *Janesh*, [2022] SGHC 264; *ByBit*, [2023] SGHC 199.

<sup>12</sup> *Ruscoe*, [2020] NZHC 728.

Comparative jurisprudence indicates, however, that recognition of cryptoassets as property does not, in itself, determine questions of custody or entitlement.<sup>13</sup> It enables proprietary remedies, but the entitlement to those remedies depends on whether the claimant can establish a proprietary interest in identifiable assets or a proportionate share of a bulk, and whether the defendant's terms or conduct displaced a trust-like relationship.<sup>14</sup>

## b) Trust vs Debt: Contractual Design

The insolvency decisions in *Cryptopia* and *Gatecoin* illustrate how judicial recognition of cryptocurrency as property may influence distribution outcomes.<sup>15</sup> In *Gatecoin*, the Hong Kong Court of First Instance accepted that cryptocurrency is capable of constituting trust property and examined whether the exchange held digital assets on trust for customers by applying established trust law principles, including the requirement of certainty, together with a detailed examination of successive versions of the platform's contractual terms.<sup>16</sup> Subsequent distribution determinations in that liquidation likewise turned on the applicable contractual framework and the extent to which it provided for trust arrangements or segregation of assets.<sup>17</sup>

By contrast, proceedings in the United States relating to the Celsius bankruptcy demonstrate how contractual drafting may produce different outcomes even where cryptoassets are acknowledged as property.<sup>18</sup> The United States Bankruptcy Court for the Southern District of New York concluded that digital assets deposited into certain "Earn" accounts formed part of the debtor's bankruptcy estate, relying substantially on contractual provisions that transferred rights and control to the platform.<sup>19</sup> As a result, customers holding those accounts were treated as unsecured creditors.<sup>20</sup> These contrasting approaches reflect the extent to which courts, particularly in insolvency contexts, give effect to the allocation of title, use rights, and rehypothecation authority

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<sup>13</sup> U.K. Jurisdiction Taskforce, Legal Statement on Cryptoassets and Smart Contracts (Nov. 2019).

<sup>14</sup> AA, [2019] EWHC 3556 (Comm); Janesh, [2022] SGHC 264; ByBit, [2023] SGHC 199.

<sup>15</sup> Ruscoe, [2020] NZHC 728; Re Gatecoin, [2023] HKCFI 914.

<sup>16</sup> Re Gatecoin, [2023] HKCFI 914.

<sup>17</sup> Herbert Smith Freehills Kramer, Hong Kong Court Provides Guidance on Distribution of Cryptocurrency as Trust Assets (Feb. 27, 2025).

<sup>18</sup> In re Celsius, 647 B.R. 631.

<sup>19</sup> Id.

<sup>20</sup> Ruscoe, [2020] NZHC 728; In re Celsius, 647 B.R. 631.

reflected in platform documentation, subject to any applicable consumer protection or fiduciary constraints.

Against this comparative background, the Madras High Court's references to trust concepts appear in the context of interim relief and on a prima facie assessment rather than as a conclusive determination of trust status. The judgment did not undertake a comprehensive analysis of the traditional requirements for the creation of a trust, nor did it finally determine whether the governing user agreement imposed segregation obligations equivalent to a declaration of trust. It did, however, refer to reasoning adopted in decisions of the Bombay High Court that described virtual digital assets on a platform as capable of being held in a fiduciary or trust-like manner and that questioned the enforceability of proposals for loss allocation in the absence of a clear contractual basis.<sup>21</sup>

### c) Restructuring and Contractual Authorization

A central comparative element of the Madras judgment concerns the concept sometimes described as “loss socialization,” under which a platform or an affiliated entity proposes to allocate losses associated with a compromised category of tokens across a wider user base, including users whose assets were not directly affected. The Bombay High Court's decision in *Zanmai Labs v. Bitcipher* addressed similar issues in detail.<sup>22</sup> In that case, the Court examined a proposal to distribute losses across users and observed that the asserted basis for such allocation was linked to a scheme of arrangement pursued in Singapore. It considered whether a scheme advanced by an affiliated but non-contracting entity could operate so as to bind platform users in India absent clear contractual authorization, and it emphasized the significance of custodial obligations reflected in the governing agreement, including the extent to which responsibility could be displaced by transfers to related entities without user consent.

The Madras High Court referred to that reasoning and recorded agreement with aspects of the Bombay High Court's analysis. It treated the applicant's position as warranting interim protection pending arbitration, while leaving to the arbitral tribunal the

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<sup>21</sup> *Zanmai Labs Pvt. Ltd. v. Bitcipher Labs LLP*, Com. Arb. Pet. (L) No. 11646 of 2025, 2025 BHC-OS 18334 (Bom. H.C. Oct. 7, 2025) (Somasekhar Sundaresan, J.); *Rhutikumari*, 2025 MHC 2437.

<sup>22</sup> *Zanmai Labs*, 2025 BHC-OS 18334.

determination of whether any reduction or adjustment to the applicant's XRP holdings could lawfully arise from losses associated with ERC-20 tokens.

Comparative restructuring practice indicates that disputes of this nature frequently turn on the characterization of the underlying legal relationship.<sup>23</sup> Where assets are held on trust, restructuring mechanisms directed at compromising debts may not ordinarily affect proprietary interests in trust property.<sup>24</sup> By contrast, where platform terms create a debtor creditor relationship or permit rehypothecation and commingling, users may be treated as part of the general creditor body, and any adjustments to balances are governed by the applicable restructuring framework.<sup>25</sup>

### Global Regulatory Responses

Courts continue to resolve disputes on a case by case basis, while legislative and regulatory initiatives increasingly define the custody and segregation standards that shape outcomes commonly framed as trust based or debtor creditor relationships.<sup>26</sup> The Madras High Court judgment reflects this broader context by noting that governance and prudential considerations may apply to centralized exchanges and that the drafting of platform terms may influence whether user assets are characterized as trust property or as part of a company's estate in insolvency.<sup>27</sup> Comparative developments indicate a policy trajectory toward clearer segregation of customer assets and greater limits on discretionary allocation of losses.<sup>28</sup>

In India, two regulatory developments form part of the background against which the Court's observations arise.<sup>29</sup> First, the Income Tax Act introduces a statutory definition of "virtual digital asset," which contemplates electronic transferability, storage, and trading and encompasses tokens representing digital value.<sup>30</sup> Second, India's anti money laundering framework subjects virtual digital asset service providers to oversight by the Financial

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<sup>23</sup> Ruscoe, [2020] NZHC 728; Re Gatecoin, [2023] HKCFI 914.

<sup>24</sup> Ruscoe, [2020] NZHC 728; Companies Act 1967 (No. 42 of 1967) (Sing.), § 210.

<sup>25</sup> In re Celsius, 647 B.R. 631.

<sup>26</sup> Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on Markets in Crypto-Assets, 2023 O.J. (L 150) [hereinafter MiCA]; Monetary Authority of Sing., Guidelines on Provision of Consumer Protection Safeguards by Digital Payment Token Service Providers (Sept. 19, 2024); Fin. Intelligence Unit-India, Circular on Virtual Digital Asset Service Providers (July 4, 2023).

<sup>27</sup> Rhutikumari, 2025 MHC 2437.

<sup>28</sup> MiCA, supra note 26; Monetary Authority of Sing., Guidelines on Provision of Consumer Protection Safeguards by Digital Payment Token Service Providers (Sept. 19, 2024).

<sup>29</sup> Income Tax Act, No. 43 of 1961, § 2(47A) (India); Fin. Intelligence Unit-India, Circular on Virtual Digital Asset Service Providers (July 4, 2023).

<sup>30</sup> Income Tax Act, No. 43 of 1961, § 2(47A) (India).

Intelligence Unit, including registration and reporting obligations.<sup>31</sup> Circulars and guidance issued by FIU India outline compliance expectations for entities engaged in exchange, transfer, safekeeping, administration, or related services involving such assets.<sup>32</sup> Although these measures do not themselves establish private law trust arrangements, they situate virtual digital asset activity within a regulated financial context that may inform expectations of custody practices and record keeping.<sup>33</sup>

Singapore has adopted a more explicit regulatory approach to custody safeguards.<sup>34</sup> Amendments and subsidiary legislation under the Payment Services framework introduce requirements relating to segregation, safeguarding, and custody of customer assets by digital payment token service providers, together with consumer protection measures.<sup>35</sup> Parallel reforms within the Insolvency, Restructuring and Dissolution Act incorporate the UNCITRAL Model Law on Cross Border Insolvency, providing mechanisms for recognition and coordination in cross border restructuring proceedings.<sup>36</sup>

Within the European Union, the Markets in Crypto Assets regulation establishes harmonized authorization and conduct standards for crypto asset service providers, including obligations relating to safeguarding of client assets and complaint handling. Regulatory communications have emphasized the importance of distinguishing regulated activities from unregulated offerings presented on the same platform.<sup>37</sup>

Japan has followed a different institutional model, combining supervisory oversight with a formally recognized selfregulatory organization, the Japan Virtual and Crypto Assets Exchange Association, which has been associated with strengthened operational discipline and user protection measures.<sup>38</sup>

In the United States, private law reform has addressed aspects of the property framework for digital assets through the 2022 amendments to the Uniform Commercial Code, including the

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<sup>31</sup> Prevention of Money-Laundering Act, No. 15 of 2003 (India); Fin. Intelligence Unit-India, Circular on Virtual Digital Asset Service Providers (July 4, 2023).

<sup>32</sup> Fin. Intelligence Unit-India, Circular on Virtual Digital Asset Service Providers (July 4, 2023).

<sup>33</sup> Fin. Intelligence Unit-India, Circular on Virtual Digital Asset Service Providers (July 4, 2023).

<sup>34</sup> Payment Services (Amendment) Regulations 2024 (Sing.).

<sup>35</sup> Monetary Authority of Sing., Guidelines on Provision of Consumer Protection Safeguards by Digital Payment Token Service Providers (Sept. 19, 2024).

<sup>36</sup> Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018) (Sing.).

<sup>37</sup> Reuters, European Securities Regulator Warns About Crypto Firms Misleading Customers (July 11, 2025).

<sup>38</sup> Japan Virtual and Crypto Assets Exchange Ass'n, About JVCEA (last visited Feb. 21, 2026).

introduction of Article 12 on controllable electronic records.<sup>39</sup> Article 12 is a framework designed to clarify transfer and priority rules for certain digital assets and to treat “control” as a functional analogue to possession in the secured transactions context.<sup>40</sup> Although UCC Article 12 does not directly address exchange-user custody, it signals a legislative recognition that digital assets require bespoke property architecture rather than ad hoc analogy.<sup>41</sup>

Finally, the United Kingdom’s statutory reinforcement through the Property (Digital Assets etc.) Act 2025 operates on the private-law axis while financial regulation continues to evolve through a separate stream of conduct-of-business and market-structure rules.<sup>42</sup>

Taken together, these developments reflect a broader policy orientation toward clearer segregation and safeguarding of customer assets.<sup>43</sup> Where such regulatory structures are established and applied, insolvency proceedings may more readily treat customer holdings as ring fenced.<sup>44</sup> In their absence, courts frequently rely on contractual allocation of rights and risks, which can produce outcomes consistent with debtor creditor characterizations in restructuring contexts.<sup>45</sup>

### **Cross-Border Implications**

The judgment’s cross-border dimension arises from the legal characterization of the Singapore restructuring process and its interaction with the user’s contractual and proprietary claims.<sup>46</sup> Under Singapore company law, a court sanctioned scheme of arrangement may become binding on relevant creditors once statutory approval thresholds and judicial requirements are satisfied.<sup>47</sup> Publicly available materials concerning the Zettai scheme refer to creditor approval and court sanction in October 2025, followed by procedural steps relating to filing and implementation.<sup>48</sup> In the present proceedings, the Madras High Court treated the question of whether the Singapore order operates so as to bind the applicant as an issue to be determined

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<sup>39</sup> Unif. L. Comm’n, Uniform Commercial Code Amendments (2022).

<sup>40</sup> Unif. L. Comm’n, Uniform Commercial Code Amendments (2022).

<sup>41</sup> Unif. L. Comm’n, Uniform Commercial Code Amendments (2022); Del. Code Ann. tit. 6, art. 12.

<sup>42</sup> Property (Digital Assets etc) Act 2025, c. 29 (U.K.).

<sup>43</sup> MiCA, *supra* note 26; Payment Services (Amendment) Regulations 2024 (Sing.); Monetary Authority of Sing., Guidelines on Provision of Consumer Protection Safeguards by Digital Payment Token Service Providers (Sept. 19, 2024).

<sup>44</sup> *Ruscoe*, [2020] NZHC 728; *Re Gatecoin*, [2023] HKCFI 914.

<sup>45</sup> *In re Celsius*, 647 B.R. 631.

<sup>46</sup> *Rhutikumari*, 2025 MHC 2437.

<sup>47</sup> Companies Act 1967 (No. 42 of 1967) (Sing.), § 210.

<sup>48</sup> *WazirX*, Singapore Court Sanctions Zettai’s Creditor-Approved Restructuring Scheme (Oct. 16, 2025); Business Standard, Singapore High Court Gives Approval to WazirX’s Scheme of Arrangement (Oct. 13, 2025).

on the merits in arbitration. It therefore did not undertake a conclusive analysis of comity, governing law, or recognition at the interim stage.<sup>49</sup>

The Court's decision to adopt a limited approach at the interim stage is consistent with the confined scope of proceedings under Section 9.<sup>50</sup> India does not presently operate under a comprehensive statutory regime for cross-border insolvency based on the UNCITRAL Model Law.<sup>51</sup> The Insolvency Law Committee's 2018 report identified limitations in the existing framework and recommended the introduction of a Model Law-based mechanism as an additional component of the Insolvency and Bankruptcy Code, 2016. In the absence of such legislation, Indian courts address the effects of foreign insolvency and restructuring processes without a dedicated statutory recognition framework, often relying instead on principles of comity, contractual analysis, arbitration arrangements, and private international law.

The judgment also leaves certain doctrinal questions open, which may arise in future cases. One relates to the interaction between the Court's characterization of cryptocurrency as property capable, in principle, of being held on trust and the remedial decision to require financial security measured in fiat value rather than directing preservation of the specific asset. Another concerns the analytical emphasis on access through the platform interface as a basis for interim jurisdiction. If adopted more broadly, such reasoning could permit the exercise of interim relief jurisdiction in India in circumstances where the underlying custody arrangements or control mechanisms are located outside the forum. While that approach may be viewed as responsive to user protection concerns, it may also give rise to parallel proceedings or competing interim measures in different jurisdictions, potentially requiring coordination through established private international law principles or the development of consistent approaches to urgent relief in digital asset disputes.<sup>52</sup>

A further issue arises in relation to privity and the scope of restructuring authority. The Bombay High Court's examination of whether a scheme advanced by an affiliated but non-contracting entity could bind platform users highlights structural questions that may recur in digital asset disputes. Many platforms operate through multi-entity group arrangements that share branding while allocating contractual roles and operational functions across different jurisdictions.

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<sup>49</sup> Rhutikumari, 2025 MHC 2437.

<sup>50</sup> Arbitration and Conciliation Act, No. 26 of 1996, § 9 (India); PASL Wind, (2021) 7 S.C.C. 1.

<sup>51</sup> Insolvency Law Committee, Report on Cross Border Insolvency (Oct. 16, 2018) (India).

<sup>52</sup> PASL Wind, (2021) 7 S.C.C. 1.

Judicial decisions in this area indicate a willingness to examine whether such structures align with the representations made to users and with the allocation of responsibilities reflected in governing agreements, rather than treating group arrangements as determinative in themselves.

The Madras High Court's reference to that reasoning suggests that questions of corporate structure and cross-border custody arrangements may receive closer scrutiny in future disputes, particularly where the entity interacting with users performs regulated functions or is identified in the contractual framework as bearing operational obligations. In such circumstances, courts may examine the extent to which intra-group arrangements affect the characterization of custody, responsibility, and the relationship between platform and user.<sup>53</sup>

## Conclusion

*Rhutikumari v. Zanmai Labs* may be understood as an interim relief determination that articulates certain propositions relevant to Indian private law and arbitration practice. The judgment proceeds on the basis that cryptoassets may be regarded as property capable, in principle, of being held on trust, and situates that approach within broader common-law developments recognizing proprietary interests in digital tokens. It also records that relief under Section 9 may be available in support of a foreign seated arbitration where the relevant operational restraint arises through a platform interface and the user's ability to deal with the asset is connected to India.

The remedial direction requiring a bank guarantee or escrow arrangement reflects an approach calibrated to the cross-border context and to practical considerations of supervision and enforcement at the interim stage, while leaving questions concerning the binding effect of the restructuring scheme and the permissibility of loss allocation to be determined in arbitration.

Comparative jurisprudence indicates that the outcome of the arbitral proceedings may depend substantially on the characterization of the contractual and custodial framework governing the platform relationship.<sup>54</sup> Where user agreements and operational practices support a custodial or trust based structure, courts and tribunals have, in some instances, declined to permit restructuring measures that diminish proprietary interests, as reflected in decisions such as

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<sup>53</sup> *Rhutikumari*, 2025 MHC 2437; Fin. Intelligence Unit-India, Circular on Virtual Digital Asset Service Providers (July 4, 2023).

<sup>54</sup> U.K. Jurisdiction Taskforce, Legal Statement on Cryptoassets and Smart Contracts (Nov. 2019).

*Cryptopia* and *Gatecoin*, as well as in Indian judicial observations addressing proposals for loss allocation lacking a clear contractual basis.<sup>55</sup> By contrast, where contractual terms transfer title or confer broad rights of use upon the platform, insolvency and restructuring processes have tended to treat users as unsecured creditors whose claims are addressed through the distribution mechanics applicable to the debtor's estate, an approach illustrated in proceedings such as *Celsius*. Legislative and regulatory initiatives in several jurisdictions increasingly seek to reduce this variability by introducing requirements relating to segregation of client assets and custodial safeguards. In India, however, the regulatory landscape remains in a formative stage, with relevant elements presently distributed across tax legislation and anti-money laundering regulation rather than consolidated within a dedicated statutory framework governing custody and safeguarding of digital assets.<sup>56</sup>

The decision may thus be read as illustrating a broader structural point: in disputes involving crypto-asset platforms, the outcome frequently turns less on abstract classification questions and more on the detailed allocation of custody, control, segregation obligations, and intra-group authority reflected in the governing user agreement and in the platform's operational arrangements.<sup>57</sup>

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<sup>55</sup> *Ruscoe*, [2020] NZHC 728; *Re Gatecoin*, [2023] HKCFI 914; *Zanmai Labs*, 2025 BHC-OS 18334.

<sup>56</sup> Income Tax Act, No. 43 of 1961, § 2(47A) (India); Fin. Intelligence Unit-India, Circular on Virtual Digital Asset Service Providers (July 4, 2023); MiCA, *supra* note 72; Payment Services (Amendment) Regulations 2024 (Sing.).

<sup>57</sup> U.K. Jurisdiction Taskforce, Legal Statement on Cryptoassets and Smart Contracts (Nov. 2019); *In re Celsius*, 647 B.R. 631; *Rhutumari*, 2025 MHC 2437.