Pitfalls and the opposing view

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The recurring error of platform operators is to treat the moratorium as a solution. It is a stay. It buys time to propose a scheme. The court will not extend it indefinitely for a company that has no credible plan, as the Hodlnaut directors learned. The recurring error of customers is to assume that a Singapore court will protect them because the platform was in Singapore. The court applies the terms. If the terms made the customer a lender, the court will treat her as one.

The opposing view, pressed by some restructuring practitioners, is that Singapore's courts have been too willing to grant moratoria to crypto groups whose only Singapore connection was an office and a team, so that the resulting proceedings served foreign shareholders more than Singapore creditors. There is force in this for Babel, whose customers were largely in Hong Kong and mainland China. The answer is that the substantial-connection test is set by statute and that the court's monitoring, through short extensions and engagement directions, has been the counterweight. For the customer the lesson is practical. Where a platform has sought a Singapore moratorium, engage early, join or form a creditor committee, and insist on seeing the terms and the wallet records that decide whether you are a beneficiary.

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