Insolvency and restructuring: the cases

Dr Alexander Ressos, TEP
Of Counsel, KGP Legal LLC
Attorney-at-Law (Switzerland and Germany), Solicitor (England & Wales and Hong Kong)

Vauld (Defi Payments Pte Ltd)

Vauld, a crypto lending platform serving mainly Indian and South-East Asian retail customers, suspended withdrawals on 4 July 2022 and, through its Singapore operating entity Defi Payments Pte Ltd, filed a s 64 application on 8 July 2022 seeking a six-month moratorium. The application was heard in open court by videoconference on 1 August 2022, the first time the Singapore courts had handled a crypto platform moratorium. The court granted a shorter moratorium with conditions requiring the company to disclose its financial information and the status of a proposed acquisition by Nexo to creditors.[1] The Nexo acquisition did not complete. The moratorium was extended several times through 2023 while the company negotiated a restructuring with a creditors' committee. The platform eventually proposed a scheme under which customers would receive a partial return of assets and equity-like participation in a successor business.

Two features of the Vauld case set the pattern for those that followed. The court insisted on open-court hearings and published information notes so that tens of thousands of retail creditors could follow the proceedings. It also imposed disclosure conditions on the debtor as the price of the moratorium, requiring the publication of cash-flow forecasts, asset lists and details of any proposed transaction, which has since become standard practice in platform cases.

Zipmex

The Zipmex group, which ran exchanges in Thailand, Indonesia, Australia and Singapore, suspended withdrawals on 20 July 2022 and filed five s 64 applications on 22 July 2022 for its Singapore holding and operating companies and its Thai, Indonesian and Australian subsidiaries. The applications were heard on 15 August 2022. The court granted moratoria of about three and a half months with disclosure conditions and extended them in December 2022 to April 2023. In the same decision it considered whether it could pre-approve an "administrative convenience class" of unsecured customer creditors owed US$ 5,000 or less for use in a future pre-packaged scheme under s 71.[2] Aedit Abdullah J declined to make the class order. He doubted that the court's inherent jurisdiction could support a pre-application blessing when the scheme regime is statutory, found that s 71 gave the court no role before a scheme application was filed, and stressed that he was not rejecting the concept as such.[3]

The judgment also contains a warning that has become part of Singapore restructuring practice. The Indonesian wallets had been unfrozen before the hearing, which may have made the moratorium for

Copyright © 2026 Dr Alexander Ressos, TEP – Of Counsel, KGP Legal LLC. SingaporeIQ is an information website and gives no legal advice. For Singapore law advice through KGP Legal LLC, please write to alexander.ressos@kgplegal.com.sg

the Indonesian entity unnecessary, yet the applicants had not told the court. The judge held that those invoking the court's powers must keep it informed and raise pertinent matters promptly.[4]

The Zipmex scheme failed. An investor's share subscription did not complete and two inter-linked schemes were abandoned. In January 2024 the group applied for a further short extension of the moratoria to protect sales of the Thai and Indonesian subsidiaries. The court dismissed the application. Section 64(7) confers no freestanding power to extend a moratorium for a purpose other than restructuring. Once the company concedes that no restructuring is possible, the justification for the moratorium falls away. Creditor benefit cannot substitute for legal authority.[5] Liquidation followed.

Practice note

The Zipmex decisions tell a platform's directors three things. You can obtain a moratorium within days, but you will have to disclose your financial position to creditors as a condition. You cannot use the moratorium to run a sale process once the restructuring is dead, because at that point the company belongs in liquidation. And you must tell the court about every development that bears on the moratorium, including good news, because a judge who learns later that a wallet was unfrozen will remember it when you ask for the next extension.

Hodlnaut

Hodlnaut Pte Ltd suspended withdrawals on 8 August 2022 and applied for judicial management, with the directors proposing their own nominee. Creditors objected. The court appointed Aaron Loh and Angela Ee of EY as interim judicial managers on 29 August 2022, with the directors remaining in office but subject to the interim judicial managers' control.[6] The interim judicial managers' reports disclosed that the company had held about US$ 317 million in TerraUSD and related positions and had lost most of it, contrary to its public statements. They also found that a related Hong Kong entity had been used to route assets. The reports became the basis of the police investigation described in Chapter I.

A sale process in 2023 produced a bid from a consortium led by OPNX, the exchange founded by the Three Arrows principals, which creditors rejected. On 22 May 2023 creditors applied for winding up under s 125(1)(e). On 10 November 2023 the court discharged the interim judicial management order and ordered the company wound up, appointing the same practitioners as liquidators. The company had more than 17,000 platform users among its creditors.[7]

The lesson of Hodlnaut is about control. The directors sought judicial management to keep a role in the restructuring. The creditors used the same procedure to install independent practitioners whose first act was to investigate the directors. Once an interim judicial manager is in office, the information asymmetry between founders and creditors disappears. In Hodlnaut's case the information was fatal to the founders' plan.

Copyright © 2026 Dr Alexander Ressos, TEP – Of Counsel, KGP Legal LLC. SingaporeIQ is an information website and gives no legal advice. For Singapore law advice through KGP Legal LLC, please write to alexander.ressos@kgplegal.com.sg

Three Arrows Capital

Three Arrows Capital Ltd, a British Virgin Islands company managed from Singapore by Su Zhu and Kyle Davies, was placed into liquidation by the BVI court on 27 June 2022 after defaulting on loans from Voyager, Genesis and others. The joint liquidators from Teneo obtained Chapter 15 recognition in New York in July 2022 and recognition in Singapore under the Model Law as a foreign main proceeding shortly afterwards. Recognition gave them powers over the fund's Singapore assets and records together with a stay of proceedings in Singapore.[8] The Singapore manager, Three Arrows Capital Pte Ltd, had been a registered fund management company until it notified MAS in 2021 that it would cease management in Singapore. MAS reprimanded it in June 2022 for providing false information and exceeding its assets-under-management threshold (see Chapter VII).

The case shows the Model Law working as designed. The centre of main interests was contested, because the fund was a BVI company managed from Singapore with its principals in Singapore and Dubai, but recognition was granted on the basis of the registered office presumption and the lack of a competing proceeding. Swiss creditors of the fund, of whom there were several, had to prove in the BVI liquidation, because Switzerland recognises a foreign bankruptcy decree under Art. 166 ff. PILA only for the purpose of a Swiss ancillary proceeding over Swiss assets (see Part H, Chapter VII).

Babel Finance

Babel Finance, a Hong Kong-based crypto lender with Singapore clients and a Singapore team, applied for s 64 moratoria in March 2023 for its BVI holding company, its Hong Kong operating companies and a Singapore entity. The foreign applicants had to show a substantial connection with Singapore to be "liable to be wound up" under the IRDA, which the court found on the basis of Singapore clients and creditors and work done by a Singapore team. The proposed scheme would convert customer deficits into "Babel Recovery Coins", tokens pegged to the cryptocurrencies owed, to be redeemed from the profits of a revived business. A creditor, Deribit, objected that the Babel team's activities in Singapore had amounted to unlicensed digital payment token services, which the court found was not established on the evidence. The court granted three months instead of the six sought, holding that six months would leave the matter outside judicial supervision for too long, and declined to decide the lex situs of cryptocurrency at that stage.[9]

Babel matters for three reasons. It confirmed that a foreign crypto group with a Singapore client base can use the Singapore scheme regime. It accepted, in principle, substantive consolidation and a deed-poll structure for a multi-entity crypto scheme. And it is the first Singapore decision to record the argument about where a token is located, even though it declined to answer it.

FTX's Singapore footprint

FTX had acquired the Liquid group in 2022, including Quoine Pte Ltd, the Singapore entity that had been the appellant in *Quoine v B2C2*. When FTX filed for Chapter 11 in Delaware on 11 November 2022, Quoine Pte Ltd was among the debtors. The Singapore customers of FTX.com, of whom there were many despite the platform having no Singapore licence, became unsecured creditors in the

Copyright © 2026 Dr Alexander Ressos, TEP – Of Counsel, KGP Legal LLC. SingaporeIQ is an information website and gives no legal advice. For Singapore law advice through KGP Legal LLC, please write to alexander.ressos@kgplegal.com.sg

United States proceedings. MAS stated publicly that FTX had not been licensed in Singapore and that its inclusion on the Investor Alert List since 2022 reflected that fact. Temasek, which had invested about US$ 275 million in FTX, wrote off the investment and cut the pay of the team responsible.[10] No Singapore insolvency proceeding was opened. The episode's main effect in Singapore was political: it hardened MAS's view that retail access to unlicensed offshore platforms had to be reduced, which led to the consumer-access measures of 2023–2025 (see Part K, Chapter III).

Notes

1. Singapore Courts, "Information Note on Defi Payments Hearing on 1 August 2022", judiciary.gov.sg (consulted June 2026): Originating Application No 318 of 2022 filed 8 July 2022 under s 64 IRDA, heard by Aedit Abdullah J, seeking a six-month moratorium.
2. Re Zipmex Co Ltd and other matters [2022] SGHC 306 (Aedit Abdullah J, 2 December 2022) at [3]–[11]: extension of the moratoria to 2 April 2023, no order on the administrative convenience class, sealing of a commercially sensitive affidavit.
3. Re Zipmex Co Ltd [2022] SGHC 306 at [6]–[9].
4. Re Zipmex Co Ltd [2022] SGHC 306 at [4]–[5].
5. Re Zipmex Co Ltd and other matters [2024] SGHC 6 (Aedit Abdullah J, 11 January 2024) at [3], [8], [18], [27] and [34].
6. EY Corporate Advisors, Hodlnaut Pte Ltd (under liquidation), First Circular to Creditors of 10 November 2023, recording the appointment of the interim judicial managers on 29 August 2022.
7. EY Corporate Advisors, Hodlnaut Pte Ltd (under liquidation), First Circular to Creditors of 10 November 2023: winding-up application HC/CWU 94/2023 filed 22 May 2023, winding-up order made 10 November 2023 by Aedit Abdullah J, over 17,000 platform users.
8. Re Three Arrows Capital Ltd, recognition of the BVI liquidation as a foreign main proceeding under the Third Schedule to the IRDA, General Division of the High Court, 2022.
9. Re Babel Holding Ltd and other matters [2023] SGHC 98 (Aedit Abdullah J, 31 March 2023) at [2], [4], [13]–[19] and [24].
10. MAS media release of 21 November 2022 on FTX; Temasek statement of 17 November 2022 on its FTX investment.

Copyright © 2026 Dr Alexander Ressos, TEP – Of Counsel, KGP Legal LLC. SingaporeIQ is an information website and gives no legal advice. For Singapore law advice through KGP Legal LLC, please write to alexander.ressos@kgplegal.com.sg