Valuation and conversion of crypto claims

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A creditor's claim in a Singapore liquidation is valued as at the commencement of the winding up and expressed in Singapore dollars for the purposes of proof and dividend.[1] For crypto claims that rule produces the "dollarisation" problem familiar from the FTX proceedings in the United States. A customer owed one bitcoin when the price was US$ 20,000 at commencement receives a dividend on a US$ 20,000 claim even if the price is US$ 60,000 when the dividend is paid. The customer bears the market risk from the date of insolvency. Schemes of arrangement can avoid this by providing for in-kind distributions, as Zipmex's did for trading-wallet assets. Liquidators have discretion to realise crypto assets at a time of their choosing and are exposed to criticism whichever way the market moves afterwards. A liquidator who sells into a falling market to fix the estate's value is acting within the ordinary duty to realise assets. One who holds in the hope of recovery is speculating with creditors' money. In *Hodlnaut* the court accepted that valuation is a matter of evidence and left the method to be worked out in the liquidation.[2]

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Notes

1. Insolvency, Restructuring and Dissolution Act 2018, provisions on proof of debts and conversion of foreign currency claims, read with the Insolvency, Restructuring and Dissolution (Corporate Insolvency and Restructuring) Rules 2020. ↩
2. *Loh Cheng Lee Aaron v Hodlnaut* [2023] SGHC 323 at [11]. ↩

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