

EMERGENCY ARBITRATION FOR CRYPTO ASSETS IN INDIA UNDER THE SHADOW OF PMLA

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Introduction

Cryptocurrency disputes reveal a huge difference in how disputes are resolved between digital markets and traditional dispute resolution settings. Cryptocurrency values fluctuate within hours and can be moved irreversibly amongst blockchain networks within a matter of minutes.¹ However, the conventional arbitration method is much slower and usually unfolds over months, which requires time to establish the tribunal; exchange pleadings, and file interim applications to grant relief. By then, the asset may have doubled in value, collapsed, or disappeared across wallets.

With the advent of emergency arbitration, it seems there may be a way to resolve cryptocurrency disputes more quickly, as the emergency arbitrator is appointed by the institution within days and can provide urgent interim relief within the same timeframe.²

However, in India, this promise runs against regulatory and practical limits. The Enforcement Directorate's ["ED"] expansive attachment powers under the Prevention of Money Laundering Act, 2002 ["PMLA"],³ combined with the voluntary nature of exchange compliance, raise a critical question: can emergency arbitration meaningfully preserve crypto assets?

¹ Reserve Bank of India, *Financial Stability Report* (June 2024) 45-46; Joseph Bonneau and others, 'SoK: Research Perspectives and Challenges for Bitcoin and Cryptocurrencies' (2015) IEEE 104-121.

² Singapore International Arbitration Centre (SIAC) Arbitration Rules 2016, sch 1 paras 3, 7; International Chamber of Commerce (ICC) Arbitration Rules 2021, app V arts 2(1), 6(4).

³ Ministry of Finance (Department of Revenue), 'Prevention of Money-laundering (Maintenance of Records) Amendment Rules 2023', SO 1072(E) (7 March 2023) (India).

This article argues that while emergency arbitration is structurally well-suited for resolving disputes arising from cryptocurrencies, the lack of targeted coordination leaves it operationally weak.

Why Crypto Needs Emergency Relief?

Crypto disputes often involve exchange freezes (post hack, as with WazirX), investment fraud, smart contract exploits, or custody battles over private keys. In every scenario, the underlying asset can be moved irrevocably across borders within minutes. These make time the critical variable. The inherent characteristics of virtual assets, which are volatility and irreversibility, create an urgent need for interim relief that conventional arbitration, with its months-long timelines, cannot provide. This is how crypto disputes differ from traditional commercial disputes because, here, time is not only important, but everything.

The value of cryptocurrencies or Virtual Digital Assets fluctuates considerably within a short period of time, frequently rendering delayed relief futile. For instance, Bitcoin was traded at approximately \$75,000 in February 2024, decreased to \$63,000 by May 2024, and reached \$100,000 by December 2024.⁴ This volatility creates a distinct legal problem for arbitration. If a tribunal takes three months to grant interim relief, the value of the frozen crypto assets may have changed by 30–40% in either direction. Consequently, a final award calculated on the asset's value at the time of filing becomes inherently inequitable, the claimant may receive a windfall or a fraction of the actual loss, depending on market movements. Moreover, the legal standard for granting interim relief under Section 9 or Section 17 of the Arbitration and Conciliation Act 1996 [**“Arbitration Act”**] requires showing irreparable harm. Price swings of this magnitude, occurring while the tribunal deliberates, arguably constitute irreparable harm because no subsequent monetary award can restore the parties to their original position. The volatility thus transforms what appears as a commercial risk into a procedural injustice that conventional arbitral timelines cannot address. In contrast to traditional banking systems, where wire transfers can be stopped before completion, or court orders can freeze accounts mid-transaction, blockchain transactions achieve finality within minutes. Once a cryptocurrency transaction is completed and received by the intended wallet and confirmed on the blockchain, the transaction is irreversible. There is no “undo” function, no intermediary bank that can reverse the transfer, and no technical mechanism to retrieve funds unilaterally. If the crypto moves during the

⁴ John Schmidt and Julius Mansa, ‘Bitcoin’s Price History’ (*Investopedia*, 12 February 2025) <<https://www.investopedia.com/articles/forex/121815/bitcoins-price-history.asp#toc-2024-price-history>> accessed 28 February 2026.

pendency of arbitration, the tribunal's final award may be nothing more than words on paper, because there is nothing left in the wallet.

This concern is sometimes dismissed on the ground that tribunals value awards as on the date of institution and compute interest thereafter, which theoretically shields the claimant from subsequent price swings. But that only solves the numbers' problem, not the deeper one. The real danger is not that the figures will look different by the time the award is passed, it is that there will be nothing left to attach. A decree against an empty wallet is not made fair by the correct valuation date; it is simply unenforceable.

Order XXI of the Code of Civil Procedure does provide a decree-holder with recovery options beyond the specific asset,⁵ including proceedings against the personal assets of directors, and in ordinary commercial disputes this is a reasonable fallback. Crypto disputes are different. The respondents here are typically offshore exchanges, pseudonymous wallet holders, or foreign custodians with no traceable presence in Indian jurisdiction. Personal liability is difficult to establish and even harder to enforce against such parties. Once the wallet is emptied, there is genuinely nothing left for the execution machinery to work with.

Therefore, crypto's rapid nature makes typical institutional arbitration timelines structurally incompatible. Notice of arbitration (typically 30 days for response), constitution of tribunal (typically 45-60 days), preliminary hearing (typically 30 days), and hearing of interim application (another 30 days) each take up substantial time and delay the issuance of relief.

It is here that emergency arbitration may come into the picture. Emergency arbitration was specifically designed for situations where "justice delayed" becomes "justice denied". Under the Singapore International Arbitration Centre ["SIAC"] Rules, once an application is filed, an emergency arbitrator must be appointed within one working day, and the decision must be made within 14 days.⁶ The International Chamber of Commerce ["ICC"] Rules provide for similar timelines: appointment within two days, order within 15 days.⁷ A shrinking timeline from months to days theoretically aligns with cryptocurrency's operational speed, offering a procedure that matches the speed at which the assets actually move.

⁵ Code of Civil Procedure 1908, O XXI.

⁶ Singapore International Arbitration Centre, *SIAC Arbitration Rules 2016* (6th edn, 1 August 2016) Schedule 1 paras 3, 7 <https://siac.org.sg/wp-content/uploads/2022/06/SIAC-Rules-2016-English_28-Feb-2017.pdf> accessed 28 February 2026.

⁷ International Chamber of Commerce, *ICC Arbitration Rules* (1 January 2021) app V arts 2(1), 6(4) <<https://iccwbo.org/dispute-resolution/dispute-resolution-services/arbitration/rules-procedure/2021-arbitration-rules/>> accessed 28 February 2026.

The obvious pushback here is that 14 days is still far too long when assets can vanish across wallets within minutes. That concern is fair, but the pause is not meant to stand alone. It works together with the escrow proposal in the conclusion: once an application is filed, the assets are already locked in a tribunal-controlled multi-signature wallet. The 14 days is not a window of exposure but a coordination period during which the ED holds off precisely because the assets are secured. Both recommendations depend on each other, and reading either in isolation understates what the combined mechanism is designed to do. The next question, therefore, is how this mechanism fits into the Indian legal framework, and whether it truly delivers on this promise in practice.

Emergency Arbitration in the Indian Framework

Emergency arbitration allows parties to seek urgent interim relief before a full arbitral tribunal is constituted. Under rules such as SIAC and ICC, an emergency arbitrator is appointed within 24 hours and is expected to issue an interim order within a few days, after which the regular tribunal can confirm, vary, or revoke that order.

Before moving further, a structural gap in this mechanism deserves acknowledgement. Emergency arbitration exists only under institutional rules and has no default standing under the Arbitration Act.⁸ Parties with bare ad hoc arbitration clauses, which cover a large share of domestic crypto disputes involving retail participants and informally drafted contracts, cannot access it at all. The very disputes most likely to involve volatile assets and vulnerable parties are also the ones least likely to have opted into an institutional framework.

Up until recently, the validity and enforceability of emergency arbitration in India were unclear. Several divergent High Court decisions, notably *Raffles Design International India Pvt. Ltd. v Educomp Professional Education Ltd.*,⁹ and *Ashwani Minda v U-Shin Ltd.*,¹⁰ were due to disagreement among the judges whether an emergency arbitrator can be considered an ‘arbitral tribunal’ pursuant to Section 2(1)(d) of the Arbitration Act.¹¹ This controversy has now been conclusively settled by the Supreme Court in *Amazon.com NV Investment Holdings LLC v Future Retail Ltd.* [**“Amazon.com”**],¹² wherein it was recognised that the emergency arbitrator falls squarely within the statutory definition. Accordingly, emergency awards are now enforceable as interim measures

⁸ Arbitration and Conciliation Act 1996, s 2(1)(d).

⁹ *Raffles Design International India (P) Ltd. v Educomp Professional Education Ltd.* [2016] SCC OnLine Del 5521 [48].

¹⁰ *Ashwani Minda v U-Shin Ltd.* [2020] SCC OnLine SC 1123 [33]-[39].

¹¹ Arbitration and Conciliation Act 1996, s 2(1)(d).

¹² *Amazon.com NV Investment Holdings LLC v Future Retail Ltd & Ors* (2021) 18 SCC 338, [52]-[55].

of protection under Section 17(2) of the Arbitration Act. In clarifying its position on this issue, the Supreme Court confirmed that emergency arbitration will be governed by principles of natural justice but did not dilute its enforceable status. It is now clear that emergency arbitration operates within, and not outside the scope of the Indian statutory framework.

Establishing that emergency arbitration is enforceable is only half the battle. For an emergency arbitrator to preserve, freeze, or protect crypto assets, those assets must first be recognised as capable of being held as property, otherwise there is nothing tangible for the interim order to attach to. The recognition of cryptocurrency as property further strengthens the legal basis of the concept. In *Rhutikumari v Zanmai Labs Pvt. Ltd.* [“**Rhutikumari**”],¹³ the Court found that virtual digital assets constitute “property” that is protected by Article 300A of the Constitution and is capable of being held in trust. As a result, if crypto is being held as property, it can be preserved, frozen, or protected using interim measures. Moreover, the Court relied upon the ruling in *PASL Wind Solutions Pvt. Ltd. v GE Power Conversion India Pvt. Ltd.*,¹⁴ whereby it reaffirmed that Indian courts can grant Section 9 relief to support foreign-seated arbitrations where the assets are situated in India.

Collectively, these rulings establish the existence of a coherent legal regime: emergency arbitration is enforceable, and crypto assets can be legally protected. The framework exists. The pressing question, therefore, is not one of validity but of practical efficacy.

PMLA’s Override of Emergency Orders

Emergency arbitration’s legal validity, combined with cryptocurrency’s recognition as property under Indian law, creates a theoretical basis for granting interim relief. However, that foundation crumbles when confronted with the ED’s power under the PMLA. This section demonstrates how PMLA’s implementation process sets aside emergency arbitral awards, rendering them operationally illogical.

Section 5 of PMLA provides the ED with substantial powers to provisionally attach any property considered as the “*proceeds of crime*” for a period not exceeding 180 days without any prior approval from the court.¹⁵ The attachment is triggered unilaterally: the ED needs to only form a subjective “*reason to believe*” that the property represents proceeds of crime, and no court sanction

¹³ *Rhutikumari v Zanmai Labs Pvt Ltd* (2025) 1 MLJ 385 (Mad HC) [42]-[45].

¹⁴ *PASL Wind Solutions Pvt Ltd v GE Power Conversion India Pvt Ltd* (2021) 7 SCC 1.

¹⁵ Prevention of Money Laundering Act 2002, s 5.

is required at the point of attachment.¹⁶ Once effected, the ED must file a complaint before the Adjudicating Authority within 30 days, under Section 5(5).¹⁷ The Adjudicating Authority then has a further period to confirm or revoke the attachment under Section 8,¹⁸ a process that can run concurrently with and entirely independently of any pending arbitration. The definition of “*property*” under Section 2(1)(v) of PMLA is broad, defining “*property*” to mean “*any property or assets of whatever description...tangible or intangible*”,¹⁹ wherever they may be. With the Ministry of Finance's notification in March 2023, notifying that activities involving virtual digital assets fall within the PMLA,²⁰ the ED now designates cryptocurrencies and other virtual digital assets as property subject to provisional attachment as well as “proceeds of crime” when associated with a scheduled offence(s). The intersection with emergency arbitration is most acute here. An emergency arbitrator may issue its interim order within 14 days under SIAC Rules well before the ED files its PMLA complaint. Even so, the two proceedings operate on distinct statutory tracks, and there is presently no clear procedural mechanism to coordinate the arbitral relief with the PMLA attachment process.

The ED’s power under Section 5 of the PMLA has different implications than emergency arbitration. The emergency arbitrator’s interim order conserving cryptocurrency assets, whether as an injunction or a status quo order, cannot constrain ED’s actions because the attachment of property under Section 5 is not established by any judicial order; rather, it is a unilateral executive act that precedes judicial inspection. The Adjudicating Authority under PMLA only confirms attachment post facto, typically within 30 days. By that point, an emergency order to preserve assets is rendered irrelevant.

The important point is the sequencing. Emergency arbitral orders are issued after the dispute has arisen, and ED’s attachment can precede, coincide with, or follow the arbitration. The timing of attachment does not create a duty for the ED to defer action.

Section 71 of PMLA contains a non-obstante clause; its provisions are to have an effect “*notwithstanding anything inconsistent therewith contained in any other law for the time being in force*”.²¹ This is not just an interpretation indicator but a statement of supremacy that PMLA has over all other

¹⁶ Prevention of Money Laundering Act 2002, s 5(1).

¹⁷ Prevention of Money Laundering Act 2002, s 5(5).

¹⁸ Prevention of Money Laundering Act 2002, s 8.

¹⁹ Prevention of Money Laundering Act 2002, s 2(1)(v).

²⁰ Ministry of Finance (Department of Revenue), ‘Prevention of Money-laundering (Maintenance of Records) Amendment Rules 2023’, SO 1072(E) (7 March 2023) (India).

²¹ Prevention of Money Laundering Act 2002, s 71.

acts, including any arbitral award recognised by courts under Section 17 of the Arbitration Act,²² which constitutes an “other law” for this purpose.

That said, simply invoking Section 71 does not fully close the argument. Indian courts have long applied the principle of *generalia specialibus non derogant*, under which a special law overrides a general one in its specific domain. PMLA is undeniably special law for money laundering offences, but the Supreme Court in *Bharat Aluminium Co. v Kaiser Aluminium Technical Service Inc.* treated the Arbitration Act as a self-contained code,²³ a characterisation courts have used to resist override by other legislation. If the Arbitration Act is treated as special law for arbitration, Section 71's non-obstante clause is not automatically decisive. The better view, given the criminal character of PMLA against the civil-commercial nature of arbitration, is that PMLA's supremacy holds in this conflict, but that conclusion needs to be argued, not assumed.

The Delhi High Court's decision in *Lata Yadav v Shivakriti Agro Pvt. Ltd.*²⁴ [**Lata Yadav**] tried to clarify the relationship between arbitration and PMLA proceedings. The court stated that pending criminal proceedings or provisional attachment under PMLA doesn't automatically render a dispute non-arbitrable, because PMLA relates to criminal proceeds, while arbitration is about resolving contractual disputes. Therefore, generally, these are two separate areas and can exist separately. Although this reasoning makes doctrinal sense, it does not take into account the practical impact, as the court only said that arbitration is “not barred”, but it did not/was not able to say that any arbitration order will have precedence over the ED's attachments.

The *Lata Yadav* case provided means for arbitral proceedings to continue simultaneously along with PMLA proceedings, but without any real impact on the attached property/assets. An arbitral tribunal may hear evidence, assess the validity of the user's claim under the contract and issue a final award to the user that he is entitled to the cryptocurrency. However, the ED will not permit the release of the attached property until after the PMLA Adjudicating Authority's review process is completed to ensure that the attached property is not itself proceeds of crime.

The arbitral award thus becomes a “*paper victory*”, legally enforceable in theory but practically useless. The PMLA-arbitration interface operates in a coordination vacuum. The ED is not obligated to give notice to arbitration panels before attachment of property, nor do arbitrators

²² Arbitration and Conciliation Act 1996, s 17.

²³ *Bharat Aluminium Co v Kaiser Aluminium Technical Service Inc* (2012) 9 SCC 552.

²⁴ *Lata Yadav v Shivakriti Agro Pvt Ltd & Ors* [2025] SCC OnLine Del 4334.

have any procedural method available to them for appealing or contesting such attachment before the issuance of a final award.

The result is a dual reality: arbitration operates on a contractual timeline (interim relief in days, final award in months), while PMLA operates on a criminal investigation timeline (attachment for 180 days, adjudication over years). When these timelines clash over the same crypto assets, the emergency arbitrator's speed advantage, the very feature that makes it theoretically suitable for crypto disputes, becomes irrelevant. By the time the emergency order is issued, the ED attachment may already have occurred; even if not, the ED can attach subsequently and unilaterally override the arbitral directive. Even if one were to set PMLA aside, emergency arbitration still faces problems when it comes to actually enforcing orders, arising purely because of the limited powers of the arbitral tribunal and the way blockchain technology works.

Shortcomings in Enforcement Mechanisms

Although the PMLA override is currently temporarily bracketed out, there remains another debilitating problem with the practical enforcement of emergency arbitration orders between parties engaged in cryptocurrency: the lack of practical enforcement even though they are procedurally recognised. Such a gap between the theory of enforceability and the practicality of the same becomes abundantly visible once one asks a simple question: what happens after an emergency order is issued?

In *Amazon.com*,²⁵ the Supreme Court's decision resolved the formal debate over enforceability of emergency arbitrators as arbitral tribunals via Section 2(1)(d) of the Arbitration Act²⁶ and, therefore, as being subject to enforcement as an interim award under Section 17(2) of the Arbitration Act. Therefore, on paper, the Indian position provides a firm foundation for the enforcement of temporal arbitral awards as emergency orders are not alien concepts in a legal vacuum; they are embedded within the statutory framework.

Enforcement will not occur as a matter of choice under Section 17(2).²⁷ An emergency arbitrator is not empowered to possess contempt powers as exercised by courts under section 9,²⁸ read with the Contempt of Courts Act, 1971,²⁹ and hence, will not have the same tools available to

²⁵ *Amazon.com NV Investment Holdings LLC v Future Retail Ltd & Ors* (2021) 18 SCC 338 [52]-[55].

²⁶ Arbitration and Conciliation Act 1996, s 2(1)(d).

²⁷ Arbitration and Conciliation Act 1996, s 17(2).

²⁸ Arbitration and Conciliation Act 1996, s 9.

²⁹ Contempt of Courts Act 1971.

them as the courts exercise. Although the order is binding in principle, it is a direction rather than a decree. The aggrieved party must still seek assistance from the courts for enforcement if the other party refuses to comply. In the volatile and highly unstable world of cryptocurrency, this procedural step has the potential to neutralise the urgency of the mechanism that was designed to protect.

Hence, compliance operates as more of a commercial incentive and less from a position of authority. Domestic exchanges, like those of WazirX and CoinDCX, have the choice to comply with the emergency orders issued by institutional rules to maintain their relationship and preserve professional legitimacy, which helps them secure future business opportunities. Foreign exchanges, such as those of Kraken and Binance, are less exposed to Indian enforcement and therefore less inclined to prioritise such orders unless expressly directed by their courts. The events surrounding the hack of WazirX and its aftermath clearly illustrated the entire hierarchy of compliance; cooperation occurred following an order of a court rather than from an order of an arbitral tribunal. In effect, the emergency award is more of a persuasive mechanism than a coercive authority.

Blockchain makes it difficult to get around the arbitrator's obstacles and is the second barrier to architecture. An emergency arbitrator can freeze the wallet address, but the crypto assets can be rapidly dispersed and spread out in different intermediate wallets, sent through mixers or converted to privacy tokens before the freeze order can be enforced.³⁰ Because of this, the assets may not be traceable to their original form. Arbitrators cannot easily obtain forensic evidence and the lack of jurisdiction to enforce or issue orders globally. All of these restrictions are even worse in cross-border situations in which an investor from India has his crypto assets held in an offshore custodian such as Zettai Pte. Ltd., and the arbitration is seated outside of India. The New York Convention does not provide uniformity in interim enforcement, so assets may be left to pay under jurisdictional limbo.³¹ Thus, without PMLA intervention, the use of emergency arbitration in crypto disputes will continue to face systematic challenges and enforceability issues.

Conclusion

³⁰ Antonio Muñoz Triviño, 'How Digital Assets Are Located, Frozen and Protected' (*RRYP Global*, 28 November 2025) <<https://rrypglobal.com/en/precautionary-measures--cryptocurrencies--NTFS--international-litigation/>> accessed on 28 February 2026.

³¹ Danrivanto Budhijanto, Prita Amalia and Naufal Ahmad Shiddiq, 'Blockchain Arbitration: Roadmap to Recognition and Enforcement of Arbitral Award' (2025) 11(1) *Cogent Social Sciences*.

In crypto disputes, time is everything. Volatility, irreversibility and rapid asset movement render ordinary arbitral timelines meaningless. Emergency arbitration promised a solution by compressing relief from months into days. The recognition of cryptocurrency as property in *Rbutikumari* seemed to complete the picture.

On closer look, this story does not hold. Once PMLA is triggered, the Enforcement Directorate's power to attach crypto as "*proceeds of crime*", backed by Section 71's non-obstante clause, can sideline emergency orders. Even where PMLA is not in play, emergency arbitrators depend on exchanges' voluntary compliance and cannot prevent assets from being scattered, mixed or moved offshore in minutes.

The role of emergency arbitration in Indian crypto disputes is far more fragile than *Amazon.com*, and *Rbutikumari* suggests. Each of these operational weaknesses can be addressed by rethinking the remedy, sequencing the legal regimes, and using regulatory licencing power. Three targeted interventions can make it matter.

First, instead of relying on unenforceable freeze orders, emergency arbitrators should order disputed crypto into a multi-signature escrow wallet (two keys: one held by the tribunal, the other by a Securities and Exchange Board of India [**SEBI**] registered exchange). If the respondent refuses to comply, the exchange, as a condition of its licence, automatically transfers the assets within hours.

Second, a surgical amendment to Section 5 of PMLA should introduce a 14-day pause on provisional attachment where an emergency arbitration application has been filed with SIAC or ICC. The ED retains full attachment powers after fourteen days, the exact window within which an emergency arbitrator must issue an order. This does not weaken PMLA; it merely sequences the two regimes so they do not collide blindly.

The harder question is why the ED would ever accept this. Speed is the whole point of provisional attachment under PMLA, and any pause runs against how the statute works in practice. The answer is that this does not ask for voluntary restraint but for a narrow statutory amendment making the pause mandatory. More importantly, the ED's core concern, that the assets will disappear during any delay, is answered by the escrow mechanism. If the assets are already locked in a tribunal-controlled wallet, the ED loses nothing by waiting fourteen days and retains full attachment powers once that window closes, with the assets still intact.

Third, the SEBI should mandate, as a condition of every Virtual Asset Service Provider licence, that registered exchanges must automatically freeze any wallet identified in a certified emergency arbitral order for at least 72 hours, turning compliance from a commercial favour into a binding obligation. For offshore exchanges not subject to SEBI's licence, bilateral cooperation agreements would be required as a complementary track.

These recommendations are not utopian. They use existing levers, arbitral institutional rules, a narrow legislative amendment, and SEBI's licencing power to close the gaps. Emergency arbitration can still be made to matter in Indian crypto disputes, but only if we stop celebrating the framework and start fixing its operational fault lines.