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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ **W.P.(C) 14969/2024, CM APPLs.66500/2024, 66642/2024**

SUDHIR VERMA & ANR.

.....Petitioners

Through: Mr. Navodaya Singh Rajpurohit, Mr. Sarthak Guru, Mr. Rithik Dhariwal and Mr. Dhawesh Phauja, Advocates.

versus

**UNION OF INDIA THROUGH THE SECRETARY TO THE
MINISTRY OF FINANCE & ORS.**

.....Respondents

Through: Mr. Amit Tiwari, CGSC along with Ms. Ayushi Srivastava and Mr. Ayush Tanwar, Advocates for R-1, 3, 4 and 6.

Mr. Atul Sharma, Mr. Abhinav Sharma, Mr. Dipan Sethi and Mr. Snehashish B., Advocates for R-2/RBI.

Mr. Dayan Krishnan, Sr. Advocate along with Mr. Alipak Banerjee, Ms. Sreeja Sengupta, Mr. Brijesh Ujjainwal, Advocates for R-9.

Mr. Sidharth Luthra, Sr. Advocate along with Mr. Vyapak Desai, Mr. Purushotham Khatana, Mr. Kaustabh Chauhan and Mr. Sougat Pati, Advocates for R-10.

Ms. Udit Singh and Ms. Sowmya Saikumar, Advocates for R-5/SEBI.

**CORAM:
HON'BLE MR. JUSTICE SACHIN DATTA**

**ORDER
15.01.2025**

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CM APPL.62785/2024 (for filing lengthy synopsis, dates and events)
CM APPL.66501/2024 (Exemption)

1. Allowed, subject to all just exceptions.
2. The applications stand disposed of.

W.P.(C) 14969/2024

3. The petitioners have invoked the writ jurisdiction of this Court, seeking its intervention to address the fallout from a cyber attack that targeted WazirX, India's largest crypto currency exchange, on 18.07.2024. The attack led to the immediate loss of Rs. 2000 Crore worth of digital assets. It also froze withdrawals of digital assets worth Rs. 4700 Crore, severely impacting users who depended on the platform for financial transactions, savings, and investments.
4. The petitioners highlight the systemic regulatory gaps that have enabled these platforms to operate without proper oversight, leading to severe consequences. The petitioners also emphasize that it is incumbent on the operators of those platforms to ensure the security of these platforms.
5. It is submitted that WazirX made extensive claims of security and asset protection, advertising the use of "cold wallets" to safeguard user funds. However, the attack revealed significant lapses, with 45% of user assets inexplicably stored in a single wallet. It is submitted that the petitioners cannot be left to bear the brunt of the said attack and that the operators of the WazirX platform must indemnify the petitioners.
6. It is further pointed out that the platform delayed halting trading activities even after the cyberattack, allowing users to continue transactions unaware of the breach. This delay exacerbated losses and left users locked



out of their accounts. Allegations of an insider job have surfaced, given the lack of transparency regarding the breach, the movement of funds, and the role of Liminal, the custodian of WazirX's assets.

7. The petitioners emphasize that India's absence of a comprehensive regulatory framework for Virtual Digital Assets (VDAs), has left users vulnerable to fraud, cyberattacks, and misrepresentation. This regulatory void has enabled platforms like WazirX to operate with impunity, leaving users without adequate safeguards or legal recourse.

8. It is further submitted that WazirX's terms of service, mandating arbitration in Singapore, deny Indian users equitable access to justice within the country.

9. The petitioners also bring to the Court's attention the ongoing restructuring of WazirX in Singapore. It is argued that this restructuring is a deliberate attempt to evade Indian legal obligations. By transferring user assets to Zettai Pte. Ltd., a Singapore-based entity, without the consent of its users, WazirX seeks to classify Indian users as "contingent unsecured creditors." This manoeuvre effectively denies Indian users their rightful legal recourse and protection under Indian jurisdiction.

10. In light of these circumstances, the petitioners are praying as under –

“a. Issue a Writ of Mandamus or any other appropriate writ directing the constitution of a Special Investigation Team (SIT) or any other competent investigation body comprising members from various regulators and agencies with expertise in financial fraud, economic offenses, and cybercrime, with authority to collaborate with foreign counterparts to investigate the cyber attack dated 18.07.2024 on the WazirX platform in a time bound manner.

b. Direct that this investigation be overviewed/ monitored by this Hon'ble Court or, alternatively, by a retired Judge of this Hon'ble High Court, to



ensure the transparency with regular status report on the ongoing investigation.

c. Issue or pass any writ, direction or order, to ensure that the culprits are dealt with according to law;

d. Issue or pass any writ, direction or order, restricting shareholders of the Respondent No. 10 from pursuing restructuring proceedings in Singapore to suppress the access to justice of the Petitioners and other users of WazirX platform to stop this injustice to be perpetuated;

e. Alternatively, the final order in pending restructuring proceedings before the Singapore High Court initiated by Respondent No. 10 may be enjoined till the investigation is concluded by the SIT or any other competent investigating agency;

f. Issue or pass any writ, direction or order, which this Hon'ble court may deem fit and proper under the facts and circumstances of the case."

11. Issue notice.

12. Respective counsel, as aforesaid, accept notice on behalf of the respondent nos.1 to 6, 9 & 10.

13. Issue notice to the remaining respondents, on necessary steps being taken by the petitioners, through all permissible modes, including electronically. *Dasti* in addition.

14. Let counter-affidavit be filed by the respondents within a period of four weeks from today. Rejoinder thereto, if any, be filed within a period of two weeks thereafter.

15. The respondent nos.1, 3 & 4 (Union of India), respondent no.2 (Reserve Bank of India) and respondent no.5 (Securities Exchange Board of India) shall specifically indicate in their replies the regulatory mechanism in place to exercise oversight over platforms such as WazirX, through which trading / investment in "crypto currency" is offered/enabled for public at large. It is evident that amounts to the tune of thousands of crores are



invested / deployed by the public using these platforms. The reply shall also indicate whether any action has been taken or is proposed to be taken by the regulatory authorities against the entities operating the WazirX platform.

16. List on 15.05.2025.

SACHIN DATTA, J

JANUARY 15, 2025/sv