

Court Corner

March 05, 2020

LANDMARK SUPREME COURT JUDGMENT PAVES WAY FOR VIRTUAL CURRENCIES IN INDIA

The Supreme Court of India in *Internet and Mobile Association of India v. Reserve Bank of India* (Writ Petition (Civil) No. 528 of 2018) on March 4, 2020 set aside the Reserve Bank of India (RBI) circular on virtual currencies dated April 6, 2018. The circular prohibited banks and other RBI-regulated entities from facilitating virtual currency transactions. The Court found that the circular was a disproportionate restriction on fundamental rights, since, among other reasons: (i) the RBI had not shown that virtual currency trading was harming its regulated entities, (ii) virtual currency trading is an activity not banned under any law, and (iii) there was no finding of any defect in the manner that virtual currency exchanges operate. The Court found that the banking system was the lifeline of virtual currency exchanges. After the judgment, banks are no longer prohibited from facilitating virtual currency transactions, subject to existing due diligence norms.

Nishith Desai Associates (NDA) is privileged to have represented the Internet and Mobile Association of India (IAMAI), which is the industry body representing virtual currency exchanges in India, in the matter. NDA briefed arguing counsel Mr. Ashim Sood, and was assisted by Advocates on Record Gohil and Singh Law Chambers. The detailed judgment is available [here](#).

NDA also intends to jointly host a webinar with IAMAI in the near future to discuss the implications of the judgment and the way forward. Please let us know if you would be interested in participating by replying to this mail.

NDA has been at the forefront of the crypto-asset and blockchain space in India since 2013. In 2018, the firm submitted its independent regulatory suggestions to the Government of India in a paper titled, '*Building a Successful Blockchain Ecosystem for India: Regulatory Approaches to Crypto-Assets*', authored by Mr. Nishith M. Desai, Mr. Vaibhav Parikh, and Mr. Jaideep Reddy, lawyers at the firm, proposing detailed regulatory approaches that the industry and government may take towards crypto-assets. The detailed paper is available [here](#). The firm looks forward to further contributing towards a responsible blockchain and crypto-asset ecosystem in the country going forward.

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