



Reed Smith's
2026 Crypto Disputes Report

ReedSmith



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Summary

Our survey of the user terms of the largest centralised exchanges shows:

- Arbitration is preferred to litigation for crypto disputes.
- International disputes are resolved in APAC, and increasingly the UAE.
- Growing jurisdictional segmentation.
- Sole arbitrators put expertise under the spotlight.
- Pre-arbitration requirements are the norm, and ‘class’ claims are routinely excluded.

The 10 October 2025 crypto price crash, which saw billions of dollars of liquidations, gave rise to new scrutiny as to how crypto platforms resolve their disputes. This came not just from users, but also exchanges wanting orderly resolution of genuine claims.

Reed Smith LLP has reviewed the dispute resolution clauses of the terms of the largest centralised exchanges by spot trading volume.¹ This includes both international terms, and 29 sets of jurisdiction-specific ones.²

We focused on the type and nature of the dispute resolution mechanism deployed. This included the jurisdictions and geographies involved, the rules by which disputes may be resolved, as well as the individuals and institutions who determine and administer them.

While the data has limitations, it covers contracts between hundreds of millions of market participants in relation to tens of billions of dollars of reported daily trading volume. It therefore has strong directional value for how crypto disputes are resolved more widely.

¹ We chose the ten highest-ranked exchanges on the Coingecko.com website. This was selected for its neutrality as it is the best-known tool which is not itself owned by a crypto asset exchange. In any event, the ranking does not differ significantly from other rankings generators. The exercise was conducted on 7 January 2026 via <<https://www.coingecko.com/en/exchanges>>.

² We take “international” terms to be those which are not specifically limited to a particular region or market. This was the case for all sampled exchanges, with the exception of one US-based exchange, for which we treated the US terms to be the “international” terms for the purposes of this exercise.



Arbitration preferred to litigation

Of the international terms sampled, 100% specified arbitration, not litigation, as the dispute resolution mechanism.

For region-specific terms, the proportion was roughly 52%, with 41% choosing court litigation, and 7% making no express choice.

The preference for arbitration is unsurprising given its advantages in resolving crypto disputes. Arbitration gives rise to a binding determination rendered not by a national court, but rather an independent tribunal, often located in a neutral jurisdiction. The process is typically confidential, explaining its popularity in an industry in which sentiment matters. Arbitration also gives parties increased scope to appoint their own adjudicators with knowledge or expertise of the crypto asset sector.

Most importantly, an arbitral “award” is routinely enforceable across borders by virtue of a widely-adopted international treaty, the New York Convention.³

That said, some disputes are not suited to arbitration. This includes fraud, hacks or exploits, where the parties have no relationship, and no means to conclude an arbitration agreement. Local law may prohibit mandatory arbitration of certain types of disputes, an issue which has given rise to recent challenges to the enforceability of arbitration clauses.⁴



³ Convention on the Recognition and Enforcement of Foreign Arbitral Awards. See <<https://www.newyorkconvention.org/>>.

⁴ See e.g. *Payward, Inc & Ors v Chechetkin* [2023] EWHC 1780 (Comm); *Lochan v. Binance Holdings Limited*, 2023 ONSC 6714, 2024 ONCA 784; *Coinbase, Inc. v. Suski*, 602 U.S. 143 (2024).

APAC holds strong, UAE emerges

In their international terms, APAC laws and dispute resolution mechanisms proliferate.

Of the international terms sampled, 50% chose an APAC “seat” of arbitration, being the place whose courts have jurisdiction over the procedural aspects of the arbitration. Of these, 40% chose Hong Kong⁵ and 10% chose Singapore.

As for the choice of law governing the merits of the dispute, APAC laws remained popular, with Hong Kong and Singapore accounting for 20% and 10% of the sample respectively. English law, always popular, also accounted for 20%.

An even stronger APAC preference exists in the choice of administering institution. This is the entity which takes care of the day-to-day procedural aspects of the case. 60% of the sampled international terms of use had an arbitration clause identifying an APAC institution, being the HKIAC or SIAC.

The two most popular institutions were the HKIAC (40%) and the International Chamber of Commerce (ICC) (30%). Other popular institutions were the SIAC (20%); and AAA/JAMS (10%).⁶

APAC’s popularity reflects the region’s history as an early adopter of crypto assets. Mainland China was a popular early location for Bitcoin mining. Hong Kong and Singapore were both early movers in introducing regulatory regimes for crypto assets. Both are world-class arbitration centres also.

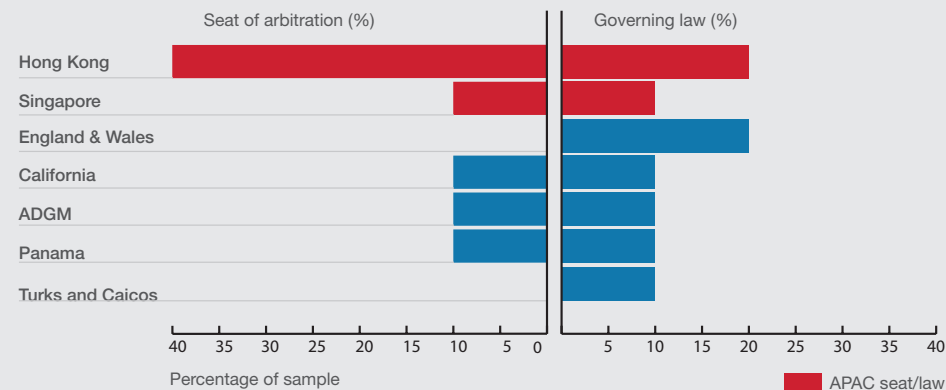
An important development is the emergence of the Abu Dhabi Global Market (ADGM), which in 2026 became the seat of arbitration specified in the international terms of a major exchange, Binance. This reflects the inroads that UAE jurisdictions and regulators are making in this sector.

⁵ Three of the top ten exchanges expressly specify Hong Kong as the chosen seat of arbitration. While one’s terms do not expressly specify Hong Kong as a seat *per se*, they provide for arbitration administered by the HKIAC, where the default seat in the absence of agreement would be Hong Kong as per Art. 14.1 of the 2024 Arbitration Rules.

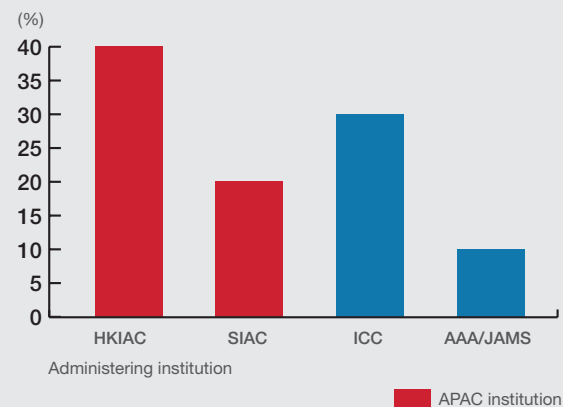
⁶ This particular set of terms had a binary structure in which certain claims are administered by AAA while others are administered by JAMS.

“APAC’s popularity reflects the region’s history as an early adopter of crypto assets. Mainland China was a popular early location for Bitcoin mining.”

Graph 1: Seat of arbitration and governing law specified in user terms of leading crypto exchanges



Graph 2: Administering institution specified in arbitration agreement in user terms of leading crypto exchanges



More jurisdictional segmentation

Outside of their international terms of use, exchanges are putting in place region-specific terms and local dispute resolution mechanisms.

Of the ten sampled exchanges, eight (80%) had some form of region-specific bespoke user terms. In total, there were 29 sets of bespoke region-specific terms, covering a total of 28 jurisdictions.

With respect to the United States, 40% of sampled exchanges had in place bespoke terms for US users. All contained dispute resolution mechanisms specifying arbitration under AAA Rules.

With respect to the European Economic Area (EEA), 30% of sampled exchanges had in place terms specific to EEA users. With respect to dispute resolution, these specified variously UNCITRAL arbitration seated in Malta (10%), court litigation in Switzerland (10%), and no express choice (10%).

With respect to the UAE, 20% of sampled exchanges had in place terms specific to regional users. These contained dispute resolution clauses specifying the Dubai International Financial Centre (DIFC) as the seat of arbitration and ICC (10%) or DIAC (10%) as the administering institution.

Looking forward, the regionalisation of user terms may increase as jurisdictional regulatory and legal differences crystallise.

Sole arbitrators put expertise under the spotlight

Sole arbitrators are preferred to three-person tribunals. This makes it vital to ensure the candidate has the qualifications and experience to resolve the dispute.

Of the sampled international terms of use, 70% specified a sole arbitrator.⁷ Only 30% specified a three-person tribunal.

Of the sampled region-specific terms, the majority of arbitration clauses (~90%) also provide for a sole arbitrator.

A sole arbitrator may manage the process faster and cheaper than a larger tribunal. This aligns with the crypto industry's preference for speed. It could also make the arbitration clause more consumer-friendly, reducing its vulnerability to challenge in the user's local courts.⁸

However, with a sole arbitrator, the outcome of the dispute is in the hands of a single individual with less accumulated experience than a three-person tribunal. The crypto-literacy of candidates appears to be a concern for exchanges. 20% of the sampled international terms expressly require the sole arbitrator have "relevant legal and technological expertise".⁹

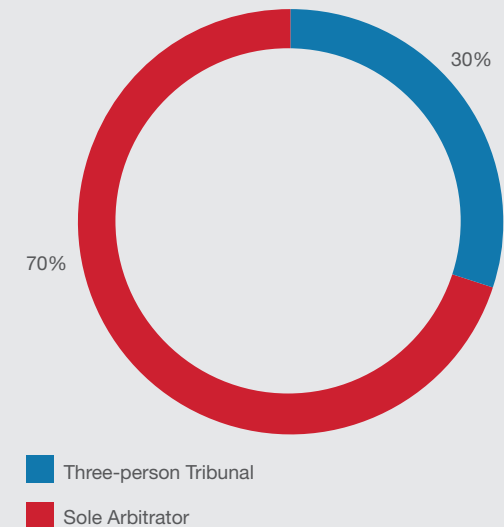
Of course, this clause only works if there exists a sufficiently deep pool of candidates to choose from. Crypto industry participants have flagged this too as a concern.⁹

⁷ This includes one exchange which specifies the SIAC institutional rules under which a sole arbitrator is the default tribunal.

⁸ See for example, *Lochan v. Binance Holdings Limited*, 2023 ONSC 6714.

⁹ See e.g. <https://globalarbitrationreview.com/article/crypto-disputes-in-house-perspective>.

Graph 3: Number of arbitrators specified in arbitration agreement in user terms of leading crypto exchanges



In practice, institutions are increasingly maintaining lists of arbitrators with experience or interest in crypto disputes. While proper gatekeeping is required, it is expected that this pool will grow.

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Mandatory pre-arbitration steps are the standard

There was an almost universal use of “escalation” clauses, requiring parties to undergo a series of stages before resorting to formal arbitration.

80% of sampled international user terms require claimants go through at least one procedural “step” before making a claim. 20% of sampled international terms required claimants to undergo two steps.

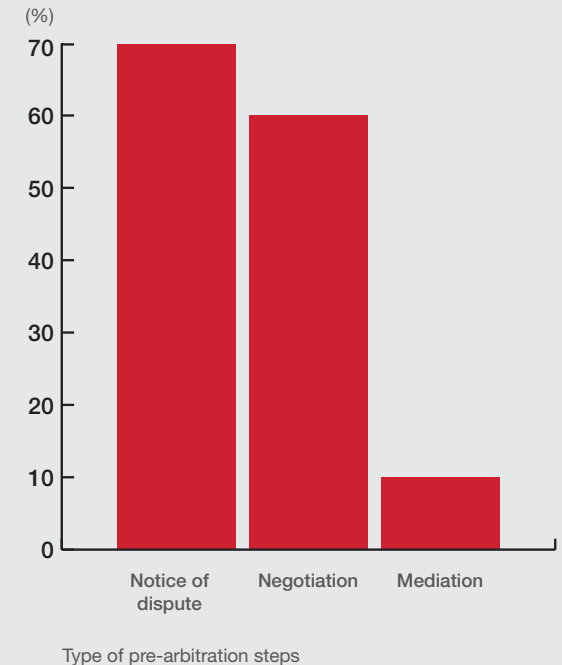
As for the type of “steps”, the most popular (70%) was that the claimants notify the other party of the dispute. The second most popular (60%) was to require negotiation between the parties. One exchange (10% of the sample) required the parties conduct mediation.¹⁰

For exchanges, the benefits of such clauses are clear. They force a claimant to clarify and evidence their allegations early and create a structured window for settlement. In doing so they may also discourage meritless claims and put in place a ‘cooling off’ period in which to decide whether to undertake the (sometimes) costly process of dispute resolution.

Graph 4: Number of mandatory pre-arbitration steps stipulated in user terms of leading crypto exchanges



Graph 5: Type of pre-arbitration steps stipulated in user terms of leading crypto exchanges



¹⁰ With the exception of certain region-specific terms which also provide for mediation.

Widespread waiver of 'class' claims

The majority (70%) of sampled international terms contained some form of waiver of class action or consolidation of arbitrations.

These waivers seek to protect exchanges from large, costly class action lawsuits or arbitrations by compelling individuals to resolve disputes one-on-one. This reduces litigation risk, expense, and time for the exchange.

That said, whether a class action claim is enforceable depends on the incorporation of the term, and whether it is upheld as valid by local consumer legislation. Results may vary by jurisdiction.

One exchange incorporated into its user terms a modified version of the JAMS Mass Arbitration Procedure whereby certain individual arbitration demands may be processed together in "batches" of at least 25, so as to reduce costs on procedural determinations.

Conclusion

This data is not exhaustive as to how crypto disputes may be resolved. It excludes non-contractual remedies, like criminal litigation or administrative action. It focuses on user-platform contracts as opposed to investments in crypto projects, institutional traders, or other ancillary services. It applies to centralised finance (CeFi) but not decentralised finance (DeFi). It does not have 'weighting' for the relative popularity of different exchanges.

That said, the information has useful directional value. It suggests a general preference for arbitration over litigation, strong APAC orientation, and popularity for pre-arbitration steps in order to encourage orderly and sensible claims and facilitate settlement.

However, there is some divergence as to the size of the tribunal and the selection of governing law. It will be interesting to see how practices evolve, as regulations, international case laws and user preferences mature.

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