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Court Says No to End Run: Hong Kong Arbitration Blocked in Binance Class Action

In cross-border litigation, the choice of venue is a major strategic consideration, and forum contests can be as hotly contested as the underlying dispute. In *Lochan v Binance Holdings Limited*, the Ontario Superior Court of Justice restrained Binance Holdings Limited (Binance) and an affiliated entity, Nest Services Limited (Nest), from pursuing an arbitration commenced in Hong Kong against the class representatives in a certified class action in Ontario. The decision shows how a parallel foreign arbitration raised the risk of a collateral attack on prior Ontario rulings, and why an anti-suit injunction was appropriate to preserve the integrity of the Ontario proceeding.

Facts & Procedural Background

As we previously blogged, Binance is a Cayman Islands corporation that offers online crypto asset trading to users across the world, including in Ontario for a time. After entering the Canadian market, Binance triggered several lawsuits, including regulatory proceedings and a class action. Although Binance has since exited Canada, the lawsuits continue.

The plaintiffs represent Canadian investors alleging securities law breaches tied to Binance's platform. Binance previously sought a stay of the class action in favour of arbitration in Hong Kong but was unsuccessful. In a 2023 decision, which was upheld on appeal, the Court held that the arbitration clause was unconscionable and contrary to public policy due to prohibitive costs, distance, and the adhesive clickwrap format.

On November 6, 2025, Nest commenced an arbitration in Hong Kong against the two representative plaintiffs in the class action. The Notice of Arbitration alleged breach of the arbitration agreement and sought indemnification for costs and any liabilities from the Ontario class proceeding. The plaintiffs moved for an order to restrain Binance and Nest from proceeding abroad.

Analysis

The Court granted the motion and issued an order restraining Binance and its owners and affiliates, including Nest, from

continuing the Hong Kong arbitration. In doing so, the Court made three key findings:

1. The Hong Kong arbitration operated as a collateral attack on binding Ontario decisions that had already held the arbitration clause unconscionable and inoperative. The alleged “breach” was the plaintiffs’ pursuit of the Ontario action, and the relief sought abroad — indemnification for Canadian litigation costs and liabilities — would neutralize the class proceeding.
2. The motion was not premature because the unconscionability of the underlying arbitration clause had already been determined. The Court rejected the view that the plaintiffs must first contest jurisdiction in Hong Kong. Private arbitration does not engage comity in the same way as foreign courts, and prior findings made challenging the Hong Kong arbitration impractical for typical investors.
3. Party identity and corporate form did not insulate the impugned conduct. Although Nest was not named a party in the class action, the Court found that non-parties can be bound by injunctions. In this case, Nest is effectively the alter ego of Binance, having placed itself in Binance’s shoes in the Notice of Arbitration.

Key Takeaways

1. The foreign arbitration was a collateral attack and abuse of process. It aimed to neutralize the certified class proceeding and relitigate settled issues about the arbitration clause’s unconscionability and inoperability.
2. Established access?to?justice barriers (prohibitive costs, distance, foreign law) and the private nature of arbitration meant comity did not require the representatives to first challenge jurisdiction in Hong Kong.
3. Alter egos can be bound by an injunction to prevent circumvention of an Ontario order.