

Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016

First Schedule

[Under Regulation 7(2)(h)]

Code of Conduct for Insolvency Professionals

(...Continue from previous edition)

23A. Where an insolvency professional has conducted a corporate insolvency resolution process, he and his relatives shall not accept any employment, other than an employment secured through open competitive recruitment, with, or render professional services, other than services under the Code, to a creditor having more than ten percent voting power, the successful resolution applicant, the corporate debtor or any of their related parties, until a period of one year has elapsed from the date of his cessation from such process.

23B. An insolvency professional shall not engage or appoint any of his relatives or related parties, for or in connection with any work relating to any of his assignment.

23C. An insolvency professional shall not provide any service for or in connection with the assignment which is being undertaken by any of his relatives or related parties.

Explanation.- For the purpose of clauses 23A to 23C, “related party” shall have the same meaning as assigned to it in clause (24A) of section 5, but does not include an insolvency professional entity of which the insolvency professional is a partner or director.]

24. An insolvency professional must not conduct business which in the opinion of the Board is inconsistent with the reputation of the profession.

Remuneration and costs

25. An insolvency professional must provide services for remuneration which is charged in a transparent manner, is a reasonable reflection of the work necessarily and properly undertaken and is not inconsistent with the applicable regulations.

⁴⁸[25A. An insolvency professional shall disclose the fee payable to him, the fee payable to the insolvency professional entity, and the fee payable to professionals engaged by him to the insolvency professional agency of which he is a professional member and the agency shall publish such disclosure on its website.] 49[25B. An insolvency professional shall raise bills or invoices in his name towards his fees, and such fees shall be paid to him through banking channel.

⁴⁹[25B. An insolvency professional shall raise bills or invoices in his name towards his fees, and such fees shall be paid to him through banking channel.

25C. An insolvency professional shall ensure that the insolvency professional entity or the professional engaged by him raises bills or invoices in their own name towards their fees, and such fees shall be paid to them through banking channel.]

26. An insolvency professional shall not accept any fees or charges other than those which are disclosed to and approved by the persons fixing his remuneration.

⁵⁰[26A. An insolvency professional shall not accept /share any fees or charges from any professional and/or support service provider who are appointed under the processes.]

27. An insolvency professional shall disclose all costs towards the insolvency resolution process costs, liquidation costs, or costs of the bankruptcy process, as applicable, to all relevant stakeholders, and must endeavour to ensure that such costs are not unreasonable.

⁵¹[27A. An insolvency professional shall, while undertaking assignment or conducting processes, exercise reasonable care and diligence and take all necessary steps to ensure that the corporate person complies with the applicable laws.

27B. An insolvency professional shall not include any amount towards any loss, including penalty, if any, in the insolvency resolution process cost or liquidation cost, incurred on account of non-compliance of any provision of the laws applicable on the corporate person while conducting the insolvency resolution process, fast track insolvency resolution process, liquidation process or voluntary liquidation process, under the Code.]

Gifts and hospitality.

28. An insolvency professional, or his relative must not accept gifts or hospitality which undermines or affects his independence as an insolvency professional.

29. An insolvency professional shall not offer gifts or hospitality or a financial or any other advantage to a public servant or any other person, intending to obtain or retain work for himself, or to obtain or retain an advantage in the conduct of profession for himself.

(The End).

⁴⁸ Inserted by Notification No. IBBI/2022-23/GN/REG088, dated 4th July 2022 (w.e.f. 04.07.2022).

⁵⁰ Inserted by Notification No. IBBI/2022-23/GN/REG092, dated 13th September, 2022 (w.e.f. 13.09.2022).

⁵¹ Inserted by Notification No. IBBI/2022-23/GN/REG088, dated 4th July, 2022 (w.e.f. 04.07.2022).

⁴⁸ Inserted by Notification No. IBBI/2017-18/GN/REG027, dated 27th March 2018 (w.e.f. 01.04.2018).