



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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IIPI Newsletter

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CONTENTS

News Update
News Roundup
Upcoming Event
Event Photograph

IBBI amends Regulations for IPs

As per the IBBI (Insolvency Professionals) (Amendment) Regulations, 2024 dated January 31, 2024, Clause 22 A has been added after Clause 22 and explanations are inserted in Clause 23B and 23C of the First Schedule of the IBBI (Insolvency Professionals) Regulations, 2016. These amendments are effective from Jan. 31, 2024.

The new Clause 22 A says, "An IP may resign from the assignment, subject to the recommendation of the CoC in a CIRP, consultation committee in liquidation process, the debtor or the creditor in the insolvency resolution process of personal guarantor to the CD, as the case may be, and the approval of the Adjudicating Authority". Furthermore, as per the explanation the IP shall continue to discharge his duties, functions and responsibilities till the approval of resignation by the Adjudicating Authority.

For More Details, Plz. Visit: <https://ibbi.gov.in/uploads/legalframework/a7a359aacd94644a98e94f6df3e0eb87.pdf>

News Update

**For Internal Circulation Only*

**Knowledge SBU Initiative*

IBBI amends Regulations pertaining to 'Insolvency Resolution Process for PG to CD' and 'Bankruptcy Process for PG to CD'

The Insolvency and Bankruptcy Board of India (IBBI) has notified the IBBI (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) (Amendment) Regulations, 2024 and IBBI (Bankruptcy Process for Personal Guarantors to Corporate Debtors) (Amendment) Regulations, 2024 dated January 31, 2024. The amended regulations are effective from January 31, 2023, and are available at the IBBI website.

The amendments remove the restrictions on an insolvency professional (IP) to be appointed as resolution professional (RP) or bankruptcy trustee (BT) in the insolvency resolution process or bankruptcy process of personal guarantors (PGs) to corporate debtors (CDs) respectively, if s/he has acted or is acting as Interim Resolution Professional (IRP), RP or Liquidator during the Corporate Insolvency Resolution Process (CIRP) or Liquidation Process of the CD. Removal of this restriction will allow the appointment of same IP in both the corporate processes as well as the insolvency and bankruptcy proceeding of the PGs to the CDs for better harmonization and effective coordination of both the processes.

To address complexities and unique challenges inherent in the PG cases, the amendment aims to make the convening of meeting of creditors mandatory to decide on the Resolution Plan submitted by the PG. This mandatory involvement of creditors brings a comprehensive and collaborative approach to the resolution process, enhancing the efficacy and fairness of the system. The amendment intends to foster active participation and cooperation among all stakeholders, thereby reinforcing a robust and equitable framework for addressing financial distress in PG cases.

For More Details, Please Visit: <https://ibbi.gov.in/uploads/legalframework/0a00165d04c84a48150a1679aa78d4b4.pdf> and <https://ibbi.gov.in/uploads/legalframework/5cb7e53fe00352c0e4846fcef09c1591.pdf>

News Roundup

IBBI's Regulations regarding 'Limit on Number of Assignments' and 'Fee Structure' are not applicable on Juristic IPEs: IBBI Circular

Through a Circular dated February 01, 2024, the IBBI has clarified that in case the assignment is undertaken by the IP, which is an IPE, the show-cause notice under Regulation 11 of the IBBI (Inspection and Investigation) Regulations, 2017 shall be issued to (a) its partner or director, as the case may be, who is an IP and was authorized to sign and act on behalf of it for the respective assignment; and/or (b) the IPE if in the opinion of the IBBI, there are either repeated instances of contravention against one or more partners or directors of the IPE or instance of systemic failure on the part of such IPE. However, clause 22 of Code of Conduct (Limit on Number of Assignments) and Regulation 34B of CIRP Regulations (Fee Structure) does not apply to a Juristic IPE.

For More Details, Please Visit:

<https://ibbi.gov.in/uploads/legalframework/7b341d61f32e0710d0d022484f156ca2.pdf>

IBBI notifies the IBBI (Voluntary Liquidation Process) (Amendment) Regulations, 2024

Though the IBBI (Voluntary Liquidation Process) (Amendment) Regulations, 2024 dated January 31, 2024, the Insolvency and Bankruptcy Board of India (IBBI) has amended the IBBI (Voluntary Liquidation Process) Regulations, 2017 w.e.f. the date of notification. The amendments are related to the sub-regulation (1) of Regulation 3; clause (b) of sub-regulation (1) of Regulation 8; Regulation 37; and Regulation 39. In the Regulation 3 (1) (c), a new sub-clause (iii) has been inserted which reads "the corporate person has made sufficient provision to meet the obligations arising on account of pending matters mentioned in sub-clause (iii) of clause (b)".

For More Details, Please Visit:

<https://ibbi.gov.in/uploads/legalframework/667534e8060790dcea7ac0a622a47db5.pdf>

Canada braces for possible wave of business bankruptcies

"There are tens of thousands, if not hundreds of thousands, of businesses that remain viable, but will not be able to outrun their debt," Dan Kelly, President, Canadian Federation of Independent Businesses said to media persons. He further added that many debts could only be repaid by borrowing at a higher interest rate from banks. Small firms that employ fewer than 100 people are critical to the Canadian economy as they give jobs to almost two-thirds of the country's 12 million private workers. The lobby groups and economists have warned that a spike in bankruptcies, would weigh on economic growth of Canada.

For More Details, Please Visit: <https://www.reuters.com/world/americas/canada-braces-possible-wave-business-bankruptcies-2024-02-01/>



IBBI's issued clarifications on the 'Code of Conduct for IPs' to facilitate smooth and efficient conduct of the IBC processes

Based on the feedback received from various stakeholders and experiences encountered during implementation, the IBBI has provided clarity on few areas to facilitate smooth and efficient conduct of the processes. These clarifications are in relation to rendering professional service by an IP in implementation of the Resolution Plan approved by the Adjudicating Authority; and Clarification on compliance regarding billing / invoicing for services availed by IP from professionals.

As per the first clarification "In order to facilitate smooth implementation of the resolution plan, it is hereby clarified that an IP may render professional service in relation to implementation of resolution plan approved by the AA, provided details of such service are mentioned in the resolution plan approved by the AA". The second clarification is regarding clause 25C of Code of Conduct.

Section 208 of the Code read with the IBBI (Insolvency Professionals) Regulations, 2016 (IP Regulations) mandates an IP to abide by the Code of Conduct.

For More Details, Please Visit:

<https://ibbi.gov.in/uploads/legalframework/49a23d68b3069be4f084e622d89a3915.pdf>

EVENT PHOTOGRAPH



Webinar on “Case Studies on Successful CIRP and Liquidation Process” organized by IIIPI on February 02, 2024.

IIIPI launches its second National Online Quiz on the IBC, 2016

The National Online Quiz is aimed to promote awareness and understanding of the IBC among students of Accountancy, Law, Economics, Commerce, Management, and related domains, across the country.

The best performer will be awarded a cash prize of ₹5,000 along with certificate of merit. The second-best performer will be awarded a cash prize of ₹2,500 along with certificate of merit. The next 10 best performers shall be awarded with a cash prize of ₹1,000 each along with certificate of merit.

The Quiz on IBC shall be open from 01st Feb to 15th Feb 2024.

For More Details, Please Visit:

<https://www.iiipicai.in/wp-content/uploads/2024/02/IIIPI-2nd->