

Legal Framework

CIRCULARS

IBBI introduces Electronic Forms to monitor liquidation processes under the IBC

Insolvency and Bankruptcy Board of India (IBBI) has introduced four Electronic Forms namely LIQ 1, LIQ 2, LIQ 3 and LIQ 4 for online monitoring of liquidation processes under the Insolvency and Bankruptcy Code, 2016 (IBC). These Forms will replace the earlier system under which the IPs used to submit the details regarding the liquidation process to the IBBI through emails, which is time-consuming and inefficient.

“To ease the compliance burden for Insolvency Professionals (IPs), a set of electronic forms has been developed by the Board to capture the details of the liquidation process. These forms are crucial for the liquidation process under the Insolvency and Bankruptcy Code (IBC), as they facilitate systematic and transparent record-keeping and seamless reporting,” said the IBBI through a Circular dated June 28, 2024. According to IBBI, the key benefits of these forms include -- (a) Enhancing the efficiency and effectiveness of the liquidation process, (b) Allowing liquidators to easily access and submit forms online, reducing delays and improving efficiency, (c) Minimizing the likelihood of errors and omissions, ensuring more accurate and reliable information. The IBBI has also provided a timeline for IPs to submit these electronic forms the IBBI website.

Source: IBBI Circular No. IBBI/LIQ/73/2024 dated June 28, 2024.

IBBI issued Circular on Electronic Forms to Monitor Voluntary Liquidation Processes

Though a Circular dated June 28, 2024, the Insolvency and Bankruptcy Board of India (IBBI) has created a set of four Forms (VL 1, VL 2, VL 3 and VL 4) on electronic platform to capture the details of the voluntary liquidation process. “These forms are vital for the voluntary liquidation procedure under the IBC, as they enable systematic and transparent recordkeeping and seamless reporting,” said the IBBI. The IBBI has also provided timelines for Insolvency Professionals to submit these Form. The IP shall have to file the first Form - VL 1, on or before the 10th day of the second month after the public announcement.

Source: IBBI No. IBBI/LIQ/74/2024, June 28, 2024.



IBBI asks IPs to upload judicial orders related to insolvency proceedings by Insolvency Professionals

Through a Circular dated May 09, 2024, the IBBI has asked the IPs to upload judicial orders pertaining to their respective assignments on their dashboard. This would also ensure that the important judicial orders which have significant impact on the ongoing processes under the IBC are available for facilitation of stakeholders in a timely manner, said IBBI. The judicial orders to be uploaded are as follows:

NCLT/NCLAT Orders: CIRP Admission, Approval of Resolution Plan, closure of CIRP through withdrawal u/s 12A / appeal/ review or settlement, stay order of CIRP, liquidation order, dissolution, final order on PUF and any order having actionable point for IBBI.

Supreme Court and High Courts: In addition to appeals on above mentioned orders of NCLT/ NCLAT, the cases in which IBBI/ MCA is a party and also cases which deal with any important issue relating to vires, interpretation, and applicability of the provisions of the IBC, and related rules and regulations.

Source: IBBI Circular No. No. IBBI/LAD/72/2024 dated May 09, 2024.

GUIDELINES

IBBI issued final Panel of IPs and IPEs for July to Dec 2024

IBBI has released final panel of 427 Insolvency Professionals (IPs) and 19 IPEs as IPs to be appointed as IRP/RP/Liquidator/ Bankruptcy Trustees for the period from July 01, 2024, to December 31, 2024. In this panel

highest 77 IPs are from Mumbai Zone closely followed by 76 IPs from New Delhi Zone. Besides, 48 IPs are from Chandigarh while 41 each from Ahmedabad and Kolkata zones. Chennai (29), Allahabad (25), Hyderabad (24), and Jaipur has 16 IPs in the Panel. There are only 2 IPs from Guwahati Zone which is the lowest number in the panel.

Source: *IBBI Panel for IPs for 01st July 2024 to December 31, 2024, dated June 28, 2024.*

DISCUSSION PAPERS

IBBI issues Discussion Paper inviting public comments on Valuation, Authorized Representative & release of Guarantees in Resolution Plan

Through a Discussion Paper pertaining to amendments in IBBI (Insolvency Resolution Process for Corporate Process Regulations, 2016 (CIRP Regulations) dated June 19, 2024, the Insolvency and Bankruptcy Board of India (IBBI) has solicited public comments on - (a) Registered valuer to submit valuation report for the Corporate Debtor (CD) as a whole, (b) One valuation estimate for companies up to a certain asset size and for MSME companies, (c) Voting by Authorized Representative (AR) before appointment by NCLT, (d) Release of guarantees in the Resolution Plan. “In order to streamline the process and remove ambiguities around the present framework of appointment of valuers for the purpose of valuation of the CD and to align the CIRP Regulations with the Companies (Registered Valuers and Valuation) Rules, 2017 (Valuation Rules), it is proposed that the CIRP Regulations may be amended to specify that the RP shall assign for carrying out the valuations of the CD as a whole to the Registered Valuers (RV). The RV may conduct the valuation as per rule 8(2) of the Valuation Rules taking inputs for other asset classes or get the valuation for an asset class conducted from another registered valuer, if required,” proposes IBBI in the Discussion Paper.

Source: *IBBI Discussion Paper, June 19, 2024.*

IBBI issues Discussion Paper to reduce compliance by IPs

The Discussion Paper on “Reducing Compliance by Review of CIRP Forms submitted by Insolvency Professionals (IPs) to IBBI” dated June 10, 2024, is aimed at alleviating the burden of compliance on IPs during Corporate Insolvency Resolution Process (CIRP) without

compromising accuracy and the comprehensiveness of the information required for decision-making. The initiative is based on the Report of a Study Group constituted by Indian Institute of Insolvency Professionals of ICAI (IIPI), at the behest of IBBI, comprising of 10 members across Insolvency Professional Agencies (IPAs).

“This initiative represents a significant milestone in the ongoing efforts to enhance the regulatory framework governing insolvency proceedings. By significantly mitigating the compliance burden faced by IPs, it underscores a commitment to fostering a regulatory environment that is not only robust but also responsive to the evolving needs of stakeholders,” said IBBI. The Paper has proposed changes in various CIRP Forms, timelines, and CIRP Regulations. For instance, currently, the timelines for filing various CIRP forms are linked to different events such as Insolvency Commencement Date, Public Announcement, Appointment of RP, etc. However, the Paper proposes to move to a monthly compliance reporting framework wherein IPs will be required to report the status and progress of the CIRP as on the last day of every month, by filing the applicable forms by 10th day of the following month (except CP-3B).

Source: *IBBI Discussion Paper dated June 10, 2024.*

IBBI issued Discussion paper on “Strengthening the process of issuance of record of default by Information Utility”

With an objective to further strengthen the process of issuing Record of Default (RoD) by the Information Utilities (IU), the Insolvency and Bankruptcy Board of India (IBBI) has issued a Discussion Paper on “Strengthening the process of issuance of record of default by Information Utility” dated May 10, 2024. The Discussion Paper is based on the recommendations of the Bankruptcy Law Reforms Committee (BLRC) to ensure a swift and efficiently resolution process.

As per the first proposal “Regulation 21 (2) (a) and 21 (2) (b) of the IU Regulation may be amended to provide that IU shall allow sufficient time of seven days after delivery of information of default to the debtor. Further, IU shall continue to remind the debtor at least three times for confirmation of information of default, in case the debtor does not respond, by allowing seven days each time instead of three days for the debtor to respond”. It is also proposed that the IU shall verify key details such as e-mail Id of the debtor, proof of debt/security, latest acknowledgment of debt and proof of default before issuance of RoD so that it can act as a conclusive proof.

Source: *IBBI Discussion Paper, May 10, 2024.*