

Insolvency and Bankruptcy Board of India

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Press Release

Amendments to Insolvency and Bankruptcy Board of India (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016 and Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016.

The Insolvency and Bankruptcy Board India (IBBI/ Board) notified the following regulations on 31st January 2024:

a) Insolvency and Bankruptcy Board of India (Insolvency Professionals) (Amendment) Regulations, 2024, and

b) Insolvency and Bankruptcy Board of India (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) (Amendment) Regulations, 2024.

2. The IBBI (Insolvency Professionals) (Amendment) Regulations, 2024 aim to facilitate better implementation of the regulatory framework of insolvency professionals (IPs) and insolvency professional entities (IPEs) in ensuring efficient conduct of the processes under the Insolvency and Bankruptcy Code, 2016 (Code/ IBC). The salient features of the amendments effected are as under:

(i) Introduction of provision to allow an IP to resign from the assignment in corporate insolvency resolution process, liquidation process and insolvency resolution process of personal guarantor to the corporate debtor subject to the recommendation of the respective committees in the processes or the debtor or the creditor, as the case may be, and approval of the Adjudicating Authority (AA). IP shall however continue to discharge his duties, functions, and responsibilities till the approval of resignation by the AA.

(ii) Insertion of explanation to allow an IPE acting as IP to engage or appoint its partner or director, as the case may be, for or in connection with any work relating to any of its assignment other than work related to valuation and audit of the debtor. This would facilitate better use of inhouse resources by the IPE.

(iii) Insertion of explanation to allow an IPE acting as IP to provide any service, other than service related to valuation and audit, for or in connection with the assignment which is being undertaken by any of its partners or directors, as the case may be. This would assist in leveraging institutional resources of an IPE and facilitate efficient conduct of processes.

3. The IBBI (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) (Amendment) Regulations, 2024 seeks to relax the validity of authorisation for assignment (AFA) of IPs from existing one year period and to align it with the duration of panels of IPs prepared for appointment by the AA.

4. The said amended regulations are available at www.ibbi.gov.in.
