

भारतीय दिवाला और शोधन अक्षमता बोर्ड
Insolvency and Bankruptcy Board of India

7th Floor, Mayur Bhawan, Shankar Market, Connaught Circus, New Delhi -110001

**Clarifications regarding Application for Empanelment of Providers
of Platform for Distressed Assets invited vide notice dated 12th June, 2019.**

The Insolvency and Bankruptcy Board of India (IBBI) vide its notice dated 12th June, 2019 invited applications for Empanelment of Providers of Platform for Distressed Assets (PDAs). In this regard, a pre-application meeting was held at IBBI's office on 26th June, 2019. Certain queries were raised during the meeting as also were forwarded through email. In accordance with clause 7B and 7C (Page 14) of the said notice, clarification in respect of the following queries are given below:

(i) Whether the PDA is required to provide Resolution Proposal or Interim Finance?

No. The Platform for Distressed Assets is a market service where willing and interested parties place demand and supply proposals. The PDA is expected to provide market place platform for Interim Finance, Resolution Plan and/or Liquidation Assets leveraging Information Technology. The Virtual Data Room is a service for supporting market function. The PDA may offer value added features to compete for clients.

(ii) Whether it is mandatory to offer all the four services mentioned in para 2 of application for PDA.

No. An applicant can offer all or any of the four services listed in para 2 of notice inviting applications for PDA. An applicant can also offer services for the processes under the Insolvency and Bankruptcy other than the listed.

(iii) Whether the award of Application for platform for PDA is on exclusive basis.

No. There can be more than one successful applicant for any service. An IP can use the services of PDAs from different providers for different services.

(iv) Whether an IP could continue independently from PDA.

Yes. An IP is not under any obligation to choose from the empanelled providers of PDAs.

(v) Can a PDA offer services other than those under IBC?

Yes. A provider of PDA can offer services other than those under IBC, taking due care for security of data.

(vi) What are the charges to be levied by successful platform provider?

The charges for the service offerings will be determined by the providers of PDAs and will be led by the market.

(vii) Why the requirement of ability to integrate with certifying authorities is there in clause 5.2(iv) (page 8)?

The requirement for integration with the Government of India approved certifying authorities for digital signatures is to enable the stakeholders to do all the activities online, including those which require signature as a mandatory legal requirement.

(vii) The commencement of service within 90 days as given in clause 7 (A) (i) (a) at page 13 may not be feasible as sometimes STQC takes significant time to clear the proposals.

A corrigendum to the notice has been issued in this regard on 3rd July, 2019 providing for 180 days' time for commencing the service from the date of the Letter of the Award for Empanelment.

(viii) Whether application by a consortium is allowed.

No. Only applicants as a single legal entity fulfilling the eligibility requirements will be considered.

(ix) What is market infrastructure institution?

The stock exchanges, depositories and clearing corporations have been collectively referred to as market infrastructure institutions.

(x) Is it mandatory to be a market infrastructure institution at the time of application itself?

Yes. The condition that the applicant must be working as a market infrastructure institution, and be regulated by a statutory body is an essential pre-qualification condition. The requirement has to be met as a single legal entity, and not as a consortium, subsidiary, joint venture or any other special purpose vehicle. Entities registered with IBBI are also eligible. Recognition (not same as registration) by IBBI will not be considered as a qualification for the purpose.

(xi) Whether the three criteria mentioned in Annexure 4 (page 30) are all mandatory.

Yes. The applicant is required to meet all three conditions given in Annexure-4 of the notice.

(xii) Whether the compliance requirements mentioned in clause 5 (Page 7-12) are post empanelment and before going live or these are mandatory at the time of application.

The requirements under clause 5 of the notice are to be complied mandatorily at all times for offering services. The application needs to mention how the applicant fulfils these requirements or would meet them before launch of service, where it is not currently meeting them.

(xiii) Whether the data isolation means physical isolation or logical isolation.

It can be logical isolation with sufficient measures taken to ensure the security of data.

(xiv) It will be difficult to submit the application by 8th July, when IBBI will be issuing clarifications regarding queries on 3rd July.

A corrigendum has been issued in this regard on 3rd July, 2019 to change the last date for submission of application by 31st July, 2019.

(xv) Whether platform offering services needs approval from RBI.

A Provider of PDA needs to comply with various legal requirements for providing its services, and also comply with the requirements given in this notice.

(xvi) Whether prior experience in raising finance, selling of assets etc. is required.

No.
