

PRESS RELEASE

IBBI notifies the IBBI (Liquidation Process) (Fourth Amendment) Regulations, 2026 pursuant to the Insolvency and Bankruptcy Code (Amendment) Act, 2026

1. The Insolvency and Bankruptcy Board of India (IBBI/Board) has notified amendments to the IBBI (Liquidation Process) Regulations, 2016 (Liquidation Regulations) to give effect to the Insolvency and Bankruptcy Code (Amendment) Act, 2026 (Amendment Act). The amendments place the committee of creditors at the centre of the liquidation process, compress timelines, simplify reporting and strengthen the integrity of the sale of assets, with the overall objective of a faster, more accountable and value-maximising liquidation.
2. The key highlights of the amendments are as follows:
 - (i) **Committee of creditors to steer the liquidation process** – The CoC constituted during the CIRP continues into liquidation, with key decisions – including the liquidation process cost, sale-related matters and the treatment of not-readily-realizable assets – requiring its approval, and with the CoC empowered to recommend and to replace the liquidator by the prescribed majority. This provides continuity from the resolution stage and brings clearer creditor oversight and accountability to the process.
 - (ii) **Carry-forward of claims from the CIRP** – claims verified during the CIRP are carried forward as on the insolvency commencement date and are not re-verified, and the liquidation public announcement does not call for fresh claims. Fresh claims are invited only from stakeholders who did not file during the CIRP. This avoids duplication of effort and speeds up the process.
 - (iii) **Compressed timelines across the process** – several timelines have been tightened to align the process to overall timelines provided under the Amendment Act. These changes are aimed at preserving value and bringing greater time-discipline to liquidation.
 - (v) **Simplified and consolidated reporting** – the liquidator is required to file only the progress reports and the final report with the Adjudicating Authority, with other documents folded into the progress report, which is also placed before the CoC. This reduces duplication while keeping creditors fully informed.
 - (vi) **Strengthened integrity of asset sales** – sales to related parties and to professionals associated with the process, even through auction, will require the permission of the Adjudicating Authority; the conditions for private sale have been tightened; and the extent by which a reserve price may be reduced has been limited. These measures safeguard transparency and value in the realisation of the corporate debtor’s assets.
 - (vii) **Early dissolution and coordination on guarantors’ assets** – the CoC may, by the prescribed majority, opt for early dissolution, and the liquidator of a corporate guarantor must coordinate with the resolution professional of the principal corporate debtor on transfers of assets under section 28A of the Code, with appropriate disclosures.

- (viii) **Safeguards for compromise and arrangement** – any scheme of compromise or arrangement must be approved by creditors with the requisite majority and must offer creditors more than the liquidation value as on the insolvency commencement date, thereby protecting their interests.
3. Collectively, these amendments reorient the liquidation process towards improved creditor oversight, shorter timelines and stronger safeguards in the realisation and distribution of the assets during liquidation process.
4. The amendment regulations are available on the website of the IBBI at www.ibbi.gov.in.
