

IBBI AMENDS THE INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (INSOLVENCY RESOLUTION PROCESS FOR CORPORATE PERSONS) REGULATIONS, 2016

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Banking, NPAs and RBI

The Insolvency and Bankruptcy Board of India (IBBI) notified the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Fourth Amendment) Regulations, 2020 today.

The Insolvency and Bankruptcy Code, 2016 (Code) envisages appointment of an authorised representative (AR) by the Adjudicating Authority to represent financial creditors in a class, like allottees under a real estate project, in the committee of creditors. For this purpose, the Regulations require the interim resolution professional to offer a choice of three Insolvency Professionals (IP) in the public announcement, and the creditors in a class to choose one of them to act as their authorised representative. The amendment made to the Regulations today provides that the three IPs offered by the interim resolution professional must be from the State or Union Territory, which has the highest number of creditors in the class as per records of the corporate debtor. This will facilitate ease of coordination and communication between the AR and the creditors in the class he represents.

The Regulations currently envisage that the authorised representative shall seek voting instructions from creditors in a class at two stages, namely, (i) before the meeting; and (ii) after circulation of minutes of meeting. The amendment made to the Regulations today provides that the authorised representative shall seek voting instructions only after circulation of minutes of meeting and vote accordingly. He shall, however, circulate the agenda, and may seek preliminary views of creditors in the class before the meeting, to enable him to effectively participate in the meeting.

The Regulations provide that the committee of creditors shall evaluate all compliant resolution plans as per evaluation matrix to identify the best of them and may approve it. The amendment made to the Regulations today provides that after evaluation of all compliant resolution plans as per evaluation matrix, the committee of creditors shall vote on all compliant resolution plans simultaneously. The resolution plan, which receives the highest votes, but not less than sixty-six percent of voting share, shall be considered as approved.

The amendment Regulations are effective from today. These are available at www.mca.gov.in and www.ibbi.gov.in.

RM/KMN

The Insolvency and Bankruptcy Board of India (IBBI) notified the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Fourth Amendment) Regulations, 2020 today.

The Insolvency and Bankruptcy Code, 2016 (Code) envisages appointment of an authorised representative (AR) by the Adjudicating Authority to represent financial creditors in a class, like allottees under a real estate project, in the committee of creditors. For this purpose, the Regulations require the interim resolution professional to offer a choice of three Insolvency Professionals (IP) in the public announcement, and the creditors in a class to choose one of them to act as their authorised representative. The amendment made to the Regulations today provides that the three IPs offered by the interim resolution professional must be from the State or Union Territory, which has the highest number of creditors in the class as per records of the corporate debtor. This will facilitate ease of coordination and communication between the AR and the creditors in the class he represents.

The Regulations currently envisage that the authorised representative shall seek voting instructions from creditors in a class at two stages, namely, (i) before the meeting; and (ii) after circulation of minutes of meeting. The amendment made to the Regulations today provides that the authorised representative shall seek voting instructions only after circulation of minutes of meeting and vote accordingly. He shall, however, circulate the agenda, and may seek preliminary views of creditors in the class before the meeting, to enable him to effectively participate in the meeting.

The Regulations provide that the committee of creditors shall evaluate all compliant resolution plans as per evaluation matrix to identify the best of them and may approve it. The amendment made to the Regulations today provides that after evaluation of all compliant resolution plans as per evaluation matrix, the committee of creditors shall vote on all compliant resolution plans simultaneously. The resolution plan, which receives the highest votes, but not less than sixty-six percent of voting share, shall be considered as approved.

The amendment Regulations are effective from today. These are available at www.mca.gov.in and www.ibbi.gov.in.

RM/KMN

END

Downloaded from **crackIAS.com**

© **Zuccess App** by crackIAS.com