

Insolvency and Bankruptcy Board of India

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Press Release

Insolvency and Bankruptcy Board of India amends the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016

The Insolvency and Bankruptcy Board of India notified the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Amendment) Regulations, 2024 (Amendment Regulations) on 15th February, 2024.

2. To streamline the corporate insolvency resolution process, the Amendment Regulations make the following key modifications:

- (a) **Operating separate bank accounts for real estate projects:** To ensure financial transparency and accountability, the amendment makes it mandatory to have a separate bank account for each real estate project under a corporate debtor.
- (b) **Monthly meetings of the committee of creditors (CoC):** Under the amended dispensation, the resolution professional (RP) is mandated to convene a CoC meeting at least once in every thirty days, with a provision to extend the interval between meetings to a maximum of one meeting per quarter, if CoC so decides.
- (c) **Voting procedures:** In place of provision of minimum period specified for the opening of the voting window with no upper limit, the amended regulation empowers the CoC to decide the period of opening of electronic voting window with a minimum of twenty-four hours and a maximum of seven days with further increments of twenty-four hours each. Further, to streamline the voting process, the amendment mandates that where the matters listed for voting have already received requisite majority vote, the RP shall provide one last opportunity to vote by extending the voting window by a maximum period of twenty-four hours.
- (d) **Approval of insolvency resolution process costs:** With a view to enhance the oversight of the CoC over going concern costs, the amendment provides that the RP to seek approval from the CoC for all costs including going concern costs related to the insolvency resolution process.
- (e) **Disclosure of valuation methodology:** With an aim to increase transparency and reduce disputes over valuation related issues, the amendment provide for explaining the valuation methodology to the members of the CoC before the computation of estimates.
- (f) **Disclosure of fair value in the information memorandum:** For fostering informed participation in the process, the amendment provides that the fair value may be made part

of the information memorandum (IM). However, the CoC, after recording the reasons, can decide not to share such an information where in it's considered view such a disclosure is not beneficial for the resolution.

- (g) **Flexibility in inviting resolution plans in real-estate cases:** With a view that each project in a real estate case may need different treatment in terms of resolution, the amendment clarifies that after due examination, the CoC may direct the RP to invite separate plan for each project.
- (h) **Monitoring committee for implementation of resolution plan:** The amendment enables the CoC to decide for constitution of a monitoring committee for overseeing the implementation of the resolution plan. The committee may include the RP, any other insolvency professional or any other person as its member. In case the RP is made part of the committee, the monthly fee payable to him shall not exceed the monthly fee received by him during the corporate insolvency resolution process.
- (i) **Continuation of the resolution process pending extension application:** A clarification has been provided to ensure that RP continues to discharge his responsibilities under the resolution process till an application for extension is being decided by the Adjudicating Authority.

3. The amended regulations are effective from 15th February, 2024 and are available at www.ibbi.gov.in.
