

Highlights of IBBI Guidelines for Insolvency Professionals to act as Interim Resolution Professionals, Liquidators, Resolution Professionals and Bankruptcy Trustees- June 05, 2024

The Insolvency and Bankruptcy Board of India (“**Board/IBBI**”) is required to recommend Insolvency Professionals (“**IPs**”) to the National Company Law Tribunal (“**NCLT**”) and Debt Recovery Tribunal (“**DRT**”) for roles like Interim Resolution Professional (“**IRP**”), Resolution Professional (“**RP**”), Liquidator, and Bankruptcy Trustee (“**BT**”) under various provisions of the Insolvency and Bankruptcy Code, 2016.

To simplify this process and avoid administrative delays, Rule 8(2) of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019 and Rule 8(2) of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Bankruptcy Process for Personal Guarantors to Corporate Debtors) Rules, 2019, allows the Board to share a pre-made panel of IPs with the Adjudicating Authority i.e., NCLT and DRT (“**AA**”). In furtherance to this, IBBI has released The Insolvency Professionals to act as Interim Resolution Professionals, Liquidators, Resolution Professionals and Bankruptcy Trustees (Recommendation) Guidelines, 2024 (“**Guidelines**”) on June 05, 2024 in supersession of guidelines issued in December 2023.

These Guidelines outline how to create this panel in advance, providing for quicker and simpler appointment process. Following are the highlights of the Guidelines:

- 1. Validity period of the Panel:** The panel of IPs prepared in terms of these Guidelines will be effective from 1st July 2024 to 31st December 2024 (i.e., 6 months)
- 2. Eligibility Criteria:** IPs are eligible for inclusion in the Panel, if they:
 - a. Have no pending disciplinary proceedings;
 - b. Have not been convicted in the last three years;
 - c. Have submitted Expression of Interest (“**EOI**”) along with consent for the appointment by AA
 - d. Hold a valid Authorisation for Assignment (“**AFA**”) that covers the Panel's validity period and beyond (i.e., AFA held to be valid for 6 months or more from the date of appointment)
- 3. EOI:** The Board shall invite EOI from IPs interested to act as IRPs, Liquidators, RPs, or BTs, who can submit Form A via their registered email, expressing their consent to be appointed by the AA for insolvency-related processes. Format of Form A has been prescribed in the guidelines.

The Form A had to be submitted by 23rd June 2024 and the Board in turn had to submit the Panel to the AA by 28th June 2024.
- 4. Panel Formation:** The Board will create a 6-month valid common panel of IPs for the appointments as IRPs, Liquidator, RP, and BT and share the same to AA. The Panel will be categorized by zones based on IPs' registered addresses, which will be valid across all NCLT benches. The AA may select any IPs from the panel for various insolvency processes.
- 5. Sorting Criteria:** IPs are ranked in the Panel based on their experience in handling insolvency assignments. The number of completed assignments and the date of registration with the Board are major factors in determining the order of inclusion in the Panel.

- 6. Conditions for IPs:** Inclusion in the panel means deemed acceptance from IPs to be appointed as IRP, Liquidator, RP, or BT by the AA. Other conditions include:
- a. IPs must not withdraw consent or refuse appointments without permission from AA or Board. Unjustified refusal leads to a six-month removal from the panel.
 - b. IPs should not surrender their registration, membership, or AFA during the panel's validity.
 - c. The AA can appoint an IP from the panel at their discretion.
 - d. The AA may also request or direct the Board to appoint an IP, from or outside the panel, and the Board will comply accordingly.

In conclusion, these guidelines provide a structured framework for the selection and appointment of IPs in insolvency proceedings, promoting transparency, efficiency, and compliance with the requirements of Insolvency Bankruptcy Code, 2016.

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