

Insolvency Professionals to act as Interim Resolution Professionals or Liquidators (Recommendation) Guidelines, 2018

31st May, 2018

Provisions in the Insolvency and Bankruptcy Code, 2016

1. Section 16(3)(a) of the Insolvency and Bankruptcy Code, 2016 (Code) requires the Adjudicating Authority (AA) to make a reference to the Insolvency and Bankruptcy Board of India (Board) for recommendation of an insolvency professional (IP) who may act as an interim resolution professional (IRP) in case an operational creditor has made an application for corporate insolvency resolution process (CIRP) and has not proposed an IRP. The Board, within ten days of the receipt of the reference from the AA, is required under section 16(4) of the Code to recommend the name of an IP to AA against whom no disciplinary proceedings are pending.

2. Section 34(4) of the Code requires the AA to replace the resolution professional, if (a) the resolution plan submitted by the resolution professional under section 30 was rejected for failure to meet the requirements mentioned in sub-section (2) of section 30; or (b) the Board recommends the replacement of a resolution professional to the AA for reasons to be recorded in writing. In such cases, the AA may direct the Board under section 34(5) of the Code to propose the name of another IP to be appointed as a liquidator. The Board is required under section 34(6) to propose the name of another IP within ten days of the direction issued by the AA.

Guidelines

3. When a reference or direction is received under section 16 or 34 of the Code from the AA for recommending / proposing the name of an IP, the Board has no information about the volume, nature and complexity of the CIRP or Liquidation Process and the resources available at the disposal of an IP. In such a situation, the Board is unlikely to add much value by recommending an IP for a CIRP / Liquidation. In fact, the bill titled “The Insolvency and Bankruptcy Code, 2015”, as introduced in Lok Sabha, provided that the Board shall recommend the name of an IP who has the relevant expertise for various processes under the Code. These provisions were dropped based on the recommendations of the Joint Parliamentary Committee, which observed that there are sufficient safeguards to ensure that the competent persons are enrolled as insolvency professionals.

4. Further, it takes some time for a reference or a direction from the AA to reach the Board. Thereafter, the Board is permitted to take up to ten days to identify an IP for the purpose. The Board used to invite expression of interest from eligible IPs and had an internal committee to appraise interests to identify an IP for recommendation to the AA. It takes some time also for the recommendation of the Board to reach the AA, after which the AA can appoint the recommended IP. In some cases, it may take 2-3 weeks, which could be saved if the AA has a ready panel of IPs recommended by the Board and it can pick up any name from the Panel while issuing the Order.

5. Given that every IP is equally qualified to be appointed as the IRP/Liquidator of any CIRP/Liquidation, if otherwise not disqualified and in the interest of avoiding administrative delays, it is necessary to have guidelines to prepare a Panel of IPs for the purpose of section 16(4) and 34(6) from amongst the registered IPs.

Panel of IPs

6. The Board will prepare a Panel of IPs for appointment as IRP or Liquidator and share the said Panel with AA. The AA may pick up any name from the Panel for appointment of IRP or Liquidator for a CIRP or Liquidation, as the case may be. The Panel will have Bench wise list of IPs based on the registered office of the IP. It will have a validity of six months and a new Panel will replace the earlier Panel every six months. For example, the first Panel will be valid for appointments during July - December, 2018, the next panel will be valid for January-June 2019, and so on.

7. An IP will be eligible to be in the Panel of IPs if -
- (a) there is no disciplinary proceeding pending against him;
 - (b) he has not been convicted at any time in the last three years by a court of competent jurisdiction; and
 - (c) he expresses his interest to be included in the Panel for the relevant period.

8. An IP will be included in the Panel against the Bench under whose jurisdiction his registered office (his address as registered with the Board) is located. For example, an IP located in Kolkata will be included in Panel against the Kolkata Bench of the AA. The areas covered in respect of different Benches of the AA are as under:

Benches at	Area covered
New Delhi	1. State of Rajasthan 2. Union territory of Delhi
Ahmedabad	1. State of Gujarat 2. State of Madhya Pradesh 3. Union territory of Dadra and Nagar Haveli 4. Union territory of Daman and Diu
Allahabad	1. State of Uttar Pradesh 2. State of Uttarakhand
Bengaluru	1. State of Karnataka
Chandigarh	1. State of Himachal Pradesh 2. State of Jammu and Kashmir 3. State of Punjab 4. Union territory of Chandigarh 5. State of Haryana
Chennai	1. State of Kerala 2. State of Tamilnadu 3. Union territory of Lakshadweep 4. Union territory of Puducherry
Guwahati	1. State of Arunachal Pradesh 2. State of Assam 3. State of Manipur 4. State of Mizoram 5. State of Meghalaya 6. State of Nagaland 7. State of Sikkim 8. State of Tripura

Benches at	Area covered
Hyderabad	1. State of Andhra Pradesh 2. State of Telangana
Kolkata	1. State of Bihar 2. State of Jharkhand 3. State of Odisha 4. State of West Bengal 5. Union territory of Andaman and Nicobar Islands
Mumbai	1. State of Chhattisgarh 2. State of Goa 3. State of Maharashtra

Expression of Interest

9. The Board shall invite expression of interest from IPs in Form A to act as an IRP or Liquidator by sending an e-mail to IPs at their email addresses registered with the Board. The expression of interest must be received by the Board in Form A by the specified date. For example, the Board shall invite expression of interest by 7th June, 2018 from IPs for inclusion in the Panel for July – December, 2018. The interested IPs may express their interest by 15th June, 2018. The Board will send the Panel to the AA by 25th June, 2018.

10. It must be explicitly understood that an IP, who is included in the Panel based on his expression of interest, must not:

- (a) refuse to act as IRP or Liquidator, if appointed by the AA;
- (b) withdraw his interest to act as IRP / Liquidator; and
- (c) surrender his registration

during the validity of the Panel.

11. It must be explicitly understood that the AA may require the Board to recommend an IP from or outside the Panel and in such cases, the Board shall recommend an IP.

Ongoing Assignments

12. The eligible IPs will be included in the Panel in order of the volume of ongoing processes they have in hand. The IP who has the lowest volume of ongoing processes will get a score of 100 and will be at the top of the Panel. The IP who has the highest volume of ongoing processes will get a score of 0. The difference between the highest volume and the lowest volume will be equated to 100 and other IPs will get scores between 0 and 100 depending on volume of their ongoing assignments.

Take an example:

IP	Volume of ongoing assignments	Difference between the highest volume and the volume of ongoing assignments of the IP	Formula	Score
1	20	100	$100 / 100 * 100$	100
2	40	80	$80 / 100 * 100$	80
3	60	60	$60 / 100 * 100$	60
4	80	40	$40 / 100 * 100$	40
5	100	20	$20 / 100 * 100$	20
6	120	00	$00 / 100 * 100$	00

13. An ongoing assignment shall be valued as under:

Ongoing assignments	Volume
IRP of a Corporate Insolvency Resolution Process	05
RP of a Corporate Insolvency Resolution Process	10
IRP of a Fast Track Process	03
RP of a Fast Track Process	06
Liquidation / Voluntary Liquidation	05
Individual Insolvency	01
Bankruptcy Trustee	01

14. Where two or more IPs get the same score, they will be placed in the Panel in order of the date of their registration with the Board. The IP registered earlier will be placed above the IP registered later.

15. The above process will be undertaken by a team of officers of the Board, as may be identified by a Whole-Time Member.

Review

16. These guidelines will be reviewed by the Board from time to time.

17. For the purpose of these Guidelines, unless otherwise mentioned,

(a) 'CIRP' includes Fast Track CIRP; and

(b) 'Disciplinary Proceeding' means a proceeding initiated by a show cause notice issued by the Board under the Code or Rules or Regulations made thereunder.

18. These Guidelines shall come into effect for appointments as IRP or Liquidator with effect from 1st July, 2018.

19. These Guidelines replace the Insolvency Professionals to act as Interim Resolution Professionals or Liquidators (Recommendation) Guidelines, 2017.

Form A

EXPRESSION OF INTEREST TO ACT AS AN IRP/LIQUIDATOR OF A CIRP/LIQUIDATION

1.	Name of Insolvency Professional	
2.	Registration Number	
3.	Address and contact details, as registered with the Board: a. E-mail b. Mobile c. Address	
4	Number of ongoing assignments on hand:	
	a. As IRP of CIRP	
	b. As RP of CIRP	
	c. As IRP of Fast Track	
	d. As RP of Fast Track	
	e. Liquidation/Voluntary Liquidation	
	f. Individual Insolvency	
	g. Bankruptcy Trustee	
5	Number of assignments completed:	
	a. As IRP of CIRP	
	b. As RP of CIRP	
	c. As IRP of Fast Track	
	d. As RP of Fast Track	
	e. Liquidation/Voluntary Liquidation	
	f. Individual Insolvency	
	g. Bankruptcy Trustee	
6.	Whether IP has been convicted at any time in the last three years by a court of competent jurisdiction? (Give details)	
7.	Whether any disciplinary proceeding is pending against the IP? (Give details)	

Declaration

1. I hereby confirm and declare that the information given herein above is true and correct to the best of my knowledge and belief. I hereby express my interest to act as IRP/Liquidator, if appointed by the Adjudicating Authority.
2. In case there is any change in the status of the position indicated above, the same shall be communicated to the Board forthwith.
3. I hereby undertake that if my name is included in the Panel, I shall abide by the Insolvency Professionals to act as Interim Resolution Professionals or Liquidators (Recommendation) Guidelines, 2018.

Signature of Insolvency Professional

Place:

Date: