

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

Discussion Paper

Subject - Strengthening the Regulatory Framework - Amendments to CIRP Regulations, Liquidation Regulations and PG to CD Regulations

The Insolvency and Bankruptcy Board of India has received representations from various stakeholders identifying specific procedural gaps and ambiguities in the existing regulatory framework that may impede the efficient conduct of IBC proceedings. These include concerns relating to the appointment and functioning of registered valuers in the corporate insolvency resolution process, the procedural consequences of the removal of interim moratorium protection for personal guarantors under the Insolvency and Bankruptcy Code (Amendment) Act, 2026 (**Amendment Act, 2026**), the continuity of the resolution professional's obligations during the pendency of withdrawal applications under section 12A, and the administrative burden imposed on liquidators by the requirement to approach the Adjudicating Authority for modifications to the list of stakeholders.

2. Based on these inputs, and in furtherance of its mandate to continuously strengthen the insolvency ecosystem, IBBI proposes a set of amendments to the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (**CIRP Regulations**), the IBBI (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Regulations, 2019, the IBBI (Bankruptcy Process for Personal Guarantors to Corporate Debtors) Regulations, 2019 (**PG to CD Regulations**), and the IBBI (Liquidation Process) Regulations, 2016 (**Liquidation Regulations**). The proposals are aimed at plugging identified gaps, reducing procedural uncertainty, and aligning the regulatory framework with legislative developments under the Amendment Act, 2026.

3. **Public comments:** The Board accordingly solicits comments on the proposals and the draft regulations proposed in this Discussion Paper. After considering the comments, the Board proposes to make regulations under clauses (aa) and (t) of sub-section (1) of section 196 read with section 240 of the Code. The process for submission of comments is provided at **Page 8**.

4. The last date for submission of comments is **22nd July, 2026**.

Topic 1: CoC approval for appointment of valuers, deadline for valuation reports, and confidentiality till plan-receipt stage

Statement of Problem: Registered valuers (RVs) appointed under regulation 27(1) are presently appointed by the RP without any involvement of the committee, despite valuation outputs being central to the committee's evaluation of resolution plans. Further, there is no prescribed deadline for RVs to submit their valuation report, nor any standardised procedure for keeping the report confidential between submission and disclosure to the committee. This gap is compounded by regulation 36(2)(ka), which requires fair value to be disclosed in the Information Memorandum itself - undermining the confidentiality that the later stages of the process are meant to preserve, and creating an inconsistency in the overall confidentiality framework.

Proposed Solution: It is proposed to require the prior approval of the committee for appointment of RVs; to require RVs to submit their valuation report - taking the Information Memorandum into account - in a sealed cover or secure electronic mode, by the last date for receipt of resolution plans; to open that sealed cover before the committee only on that same date, with confidentiality maintained until then; and to remove the fair value disclosure requirement from the Information Memorandum, since fair value will now be disclosed only at the plan evaluation stage.

Proposed Draft Regulations

1. In regulation 27, in sub-regulation (1), after the word and mark “shall,”, the words and mark “with the prior approval of the committee,” shall be inserted.
2. In regulation 27, after sub-regulation (1), following sub-regulations shall be inserted, namely:-

“(1A) Each registered valuer appointed under sub-regulation (1), shall submit its valuation report, including the fair value and the liquidation value, to the resolution professional in a sealed cover or through a secure electronic mode with restricted access, on or before the last date for receipt of resolution plans.

(1B) The resolution professional shall provide the information memorandum to each registered valuer appointed under sub-regulation (1), and each such valuer shall, after taking into account the information memorandum and physical verification of the inventory and fixed assets of the corporate debtor, submit its valuation report, including the fair value and liquidation value, to the resolution professional in a sealed cover or through a secure electronic mode with restricted access, on or before the last date for receipt of resolution plans.

(1C) The resolution professional shall maintain confidentiality of the fair value, the liquidation value and the valuation reports submitted under sub-regulation (1), and the sealed cover or the secure electronic record shall be opened before the committee, on the last date for receipt of resolution plans, after receiving an undertaking from the member to the effect that such member shall maintain confidentiality of the fair value, the liquidation value and valuation reports and shall not use the information contained in the valuation reports to cause an undue gain or undue loss to itself or any other person and comply with the requirements under sub-section (2) of section 29.”

3. In regulation 35, sub-regulation (2) shall be omitted.

4. In regulation 36, in sub-regulation (2), clause (ka) along-with its proviso, shall be omitted.

Topic 2: Intimation of cessation of interim moratorium for personal guarantors under amended sections 96 and 124

Statement of Problem

Prior to the Insolvency and Bankruptcy Code (Amendment) Act, 2026 (the Amendment Act), sections 96 and 124 of the Code provided for an automatic interim moratorium from the date of filing of an application under sections 94/95 and 122/123 respectively, applicable uniformly to all individuals including personal guarantors to corporate debtors. The Select Committee, in recommending acceptance of this clause, noted that the interim moratorium was being misused by personal guarantors to obstruct or delay legitimate recovery proceedings, causing significant value erosion. The Report of the Select Committee on the Insolvency and Bankruptcy Code (Amendment) Bill, 2025 while recommending acceptance of the amendment, observed that:

“...this amendment is aimed at addressing a persistent concern flagged by the Adjudicating Authority and insolvency practitioners namely, the misuse of interim moratorium by personal guarantors who file applications solely to obstruct or delay legitimate recovery proceedings, a major loophole confirmed by NCLT members to be responsible for significant value erosion...removing this unnecessary pre-admission shield is essential...the Committee find the proposed amendment under Clause 47 to be appropriate and recommend its acceptance in its present form.” (Para 47.6)

2. Accordingly, the Amendment Act inserted sub-section (4) to both sections 96 and 124, providing that the interim moratorium shall not apply where the proceedings relate to a personal guarantor to a corporate debtor, with effect from 26th May, 2026.

3. However, where applications under sections 94, 95, 122 or 123 were already pending admission as on that date, the other party to the proceedings may not be aware that the interim moratorium protection has ceased, since the interim moratorium operates automatically with no resolution professional or regulatory mechanism involved at that stage. Also, certain financial creditors have sought clarification on whether they may continue or initiate recovery proceedings in respect of such pending applications, given the absence of any process step through which the change in law would otherwise come to their notice.

Proposed Solution:

4. It is proposed to amend the IRP (PG) Regulations and the Bankruptcy (PG) Regulations to cast a procedural obligation on the applicant to intimate the other party, in writing, within thirty days of commencement of the amending regulations, that the interim moratorium shall not apply by virtue of the newly inserted sub-section (4) to section 96 or section 124, as the case may be. It is further proposed to insert an explanation expressly clarifying that creditors may continue or initiate recovery proceedings against the personal guarantor in respect of all applications under sections 94, 95, 122, or 123 that were pending as on 26th May, 2026, since interim moratorium is not applicable by virtue of the amendment.

Proposed Draft Regulations

A. Amendment to the IBBI (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Regulations, 2019:

5. In the principal regulations, after regulation 23, the following regulation shall be inserted, namely:-

“24. Cessation of interim-moratorium.

Where an application has been filed under section 94 or section 95 of the Code in respect of a personal guarantor to a corporate debtor and such application is pending admission as on 26th May, 2026 —

(a) in cases where the application has been filed by the debtor under section 94, the debtor shall, within thirty days of the commencement of these regulations, intimate all creditors in writing that the interim moratorium under section 96 of the Code shall not apply by virtue of sub-section (4) of section 96;

(b) in cases where the application has been filed by a creditor under section 95, the creditor shall, within thirty days of the commencement of these regulations, intimate the debtor in writing that the interim moratorium under section 96 of the Code shall not apply by virtue of sub-section (4) of section 96.

Explanation: It is clarified that creditors may continue or initiate any legal action or proceeding for recovery of debt against the personal guarantor in respect of an application referred to in this regulation, since interim moratorium is not applicable by virtue of sub-section (4) of section 96.”

B. Amendment to the IBBI (Bankruptcy Process for Personal Guarantors to Corporate Debtors) Regulations, 2019:

6. In the principal regulations, after regulation 37, the following regulation shall be inserted, namely:-

“38. Cessation of interim-moratorium.

Where an application has been filed under section 122 or section 123 of the Code in respect of a personal guarantor to a corporate debtor and such application is pending admission as on 26th May, 2026 —

(a) in cases where the application has been filed by the debtor under section 122, the debtor shall, within thirty days of the commencement of these regulations, intimate all creditors in writing that the interim moratorium under section 124 of the Code shall not apply by virtue of sub-section (4) of section 124;

(b) in cases where the application has been filed by a creditor under section 123, the creditor shall, within thirty days of the commencement of these regulations, intimate the debtor in writing that the interim moratorium under section 124 of the Code shall not apply by virtue of sub-section (4) of section 124.

Explanation: It is clarified that creditors may continue or initiate any legal action or proceeding for recovery of debt against the personal guarantor in respect of an application referred to in this regulation, since interim moratorium is not applicable by virtue of sub-section (4) of section 124.”

Topic 3: Clarifying RP's continuation in office pending disposal of section 12A withdrawal application

Statement of Problem: Stakeholders have sought clarification on whether the resolution professional is required to continue discharging his responsibilities under the corporate insolvency resolution process during the period an application for withdrawal under section 12A, approved by the committee, remains pending before the Adjudicating Authority. While this position is implicit in a reading of section 12A together with regulation 30A, an explicit clarification would remove any ambiguity on the point.

Proposed Solution: It is proposed to insert a clarification in regulation 30A to the effect that the resolution professional shall continue to discharge his responsibilities under the corporate insolvency resolution process till the application for withdrawal under section 12A is decided by the Adjudicating Authority.

Draft Regulation:

In regulation 30A of the CIRP Regulations, after sub-regulation (2), the following clarification shall be inserted, namely:-

"Clarification: It is clarified that the resolution professional shall continue to discharge his responsibilities under the corporate insolvency resolution process, till the application for withdrawal under section 12A is decided by the Adjudicating Authority."

Topic 4: Modification of entries in the list of stakeholders

Statement of Problem: Sub-regulations (3) and (4) of regulation 31 of the Liquidation Process Regulations presently require the liquidator to apply to the Adjudicating Authority for modifying an entry in the list of stakeholders, and to modify the entry only in the manner directed by the Adjudicating Authority.

This requirement was relevant in the earlier framework, where the only creditor body in liquidation was the Stakeholders' Consultation Committee under regulation 31A, which had a purely advisory role. With the constitution of a committee of creditors in the liquidation process under the Amendment Act, the requirement of approaching the Adjudicating Authority merely for the purpose of updating an entry in the list of stakeholders is no longer necessary.

Proposed Solution: Accordingly, it is proposed that sub-regulations (3) and (4) of regulation 31 be dropped, since the requirement of the Adjudicating Authority's involvement for modification of entries in the list of stakeholders is rendered redundant on account of the committee being now in place.

Draft Regulation:

In regulation 31 of the Liquidation Process Regulations, sub-regulations (3) and (4) shall be omitted.

Process for submission of Public Comments

The comments may be submitted electronically by **22nd July, 2026**. For providing comments, please follow the process as under:

- i. Visit IBBI website at www.ibbi.gov.in ;
- ii. Select '**Public Comments**', then select '**Strengthening the Regulatory Framework - Amendments to CIRP Regulations, Liquidation Regulations and PG to CD Regulations**'
- iii. Provide your Name and Email-ID;
- iv. Select the stakeholder category, namely, -
 - a. Corporate Debtor;
 - b. Personal Guarantor to a Corporate Debtor;
 - c. Proprietorship firms;
 - d. Partnership firms;
 - e. Creditor to a Corporate Debtor;
 - f. Insolvency Professional;
 - g. Insolvency Professional Agency;
 - h. Insolvency Professional Entity;
 - i. Academics;
 - j. Investor; or
 - k. Others.
- v. Select the kind of comments you wish to make, namely,
 - a. General Comments; or
 - b. Specific Comments.
- vi. If you have selected 'General Comments', please select one of the following options:
 - a. Inconsistency, if any, between the provisions within the regulations (intra regulations);
 - b. Inconsistency, if any, between the provisions in different regulations (inter regulations);
 - c. Inconsistency, if any, between the provisions in the regulations with those in the rules;
 - d. Inconsistency, if any, between the provisions in the regulations with those in the Code;
 - e. Inconsistency, if any, between the provisions in the regulations with those in any other law;
 - f. Any difficulty in implementation of any of the provisions in the regulations;

- g. Any provision that should have been provided in the regulations, but has not been provided; or
- h. Any provision that has been provided in the regulations but should not have been provided.

And then write comments under the selected option.

vii. If you have selected 'Specific Comments', please select Topic No. on which you want to give the comment, and write comments under the selected Proposal No.

viii. You can make comments on more than one Topic No., by clicking on more comments and repeating the process outlined above from point (v) onwards.

ix. Click 'Submit' if you have no more comments to make.
