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Latest updates On Insolvency & Bankruptcy

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"What lies behind us and what lies before us are tiny matters compared to what lies within us"

➤ **IBBI Notifies Amendments To Insolvency Professional Regulations**

The Insolvency and Bankruptcy Board of India ("IBBI") vide a notification dated 04.07.2022 in the Gazette of India (Extraordinary) has notified amendments to the IBBI (Insolvency Professionals) Regulations, 2016. These amendments have come into force on 04.07.2022.

The following clauses have been inserted in the Insolvency Professional Regulations: clause 8B: Insolvency professional shall disclose his relationship, if any, with the corporate debtor, other professionals engaged by him, financial creditors, interim finance providers, and prospective resolution applicants to the insolvency professional agency of which he is a member, within the specified time period.

Clause 8C: An insolvency professional shall ensure disclosure of the relationship, if any, of the other professionals engaged by him with himself, the corporate debtor, the financial creditor, the interim finance provider, if any, and the prospective resolution applicant, to the insolvency professional agency of which he is a member, within the time specified.

Clause 15A: An insolvency professional shall prominently state in all his communications to a stakeholder, his name, address, e-mail, registration number and validity of authorisation for assignment, if any, issued by the insolvency professional agency of which he is a member.

Clause 25B: An insolvency professional shall raise bills or invoices in his name towards his fees, and such fees shall be paid to him through banking channel.

Clause 25C: An insolvency professional shall ensure that the insolvency professional entity or the professional engaged by him raises bills or invoices in their own name towards their fees, and such fees shall be paid to them through banking channel.

Clause 27A: An insolvency professional shall, while undertaking assignment or conducting processes, exercise reasonable care and diligence and take all necessary steps to ensure that the corporate person complies with the applicable laws

Clause 27B: An insolvency professional shall not include any amount towards any loss, including penalty, if any, in the insolvency resolution process cost or liquidation cost, incurred on account of non-compliance of any provision of the laws applicable on the corporate person while conducting the insolvency resolution process, fast track insolvency resolution process, liquidation process or voluntary liquidation process, under the Code.

Source: Live Law

Read Full news at: <https://www.livelaw.in/news-updates/insolvency-and-bankruptcy-board-of-india-ibbi-insolvency-professional-regulations-notification-203143>

➤ **SAT quashes Sebi penalty of Rs 2,00,000 in ArcelorMittal Nippon Steel case**

The Securities Appellate Tribunal (SAT) has set aside a Sebi order that had imposed a penalty of Rs 2 lakh on Essar Steel India Ltd, now known as ArcelorMittal Nippon Steel India Ltd, for disclosure lapses.

Bankruptcy proceedings were initiated against debt-laden Essar Steel in August 2017. After the completion of the corporate insolvency resolution process Essar Steel was taken over by the new management ArcelorMittal Nippon Steel India in December 2019.

"The impugned order dated March 28, 2022 cannot be sustained and is quashed.. However, it will be open to the respondent Sebi to initiate proceedings for the relevant period against the relevant entities," SAT said in an order passed on July 1.

The ruling comes after an appeal was filed against the Sebi order that had levied Rs 2 lakh fine on Essar Steel for not making the requisite disclosure under LODR (Listing Obligations and Disclosure Requirements) rules in the case pertaining to issuance of non-convertible debt securities in 2011. It was alleged violation of LODR rules by Essar Steel for the December 2015 to March 2019 period.

In October 2019, the Securities and Exchange Board of India (Sebi) had issued a show cause notice asking why an inquiry should not be initiated and penalty should not be imposed on the company.

The appellant contended that National Company Law Tribunal (NCLT) admitted a petition against Essar Steel India under the Insolvency and Bankruptcy Code in August 2017 for corporate insolvency resolution process. A resolution professional was appointed in February 2019. The resolution plan filed by ArcelorMittal Nippon Steel India was upheld by NCLT in July 2019.

Further, the Supreme Court also approved the resolution plan by NCLT in November 2019 holding that ArcelorMittal Nippon Steel India must get a clean slate and cannot be faced with additional claims after the resolution plan was approved.

Source: Business Standard

Read Full news at: https://www.business-standard.com/article/companies/sat-quashes-sebi-penalty-of-rs-2-00-000-in-arcelormittal-nippon-steel-case-122070700251_1.html

