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IBBI INTRODUCES RECENT AMENDMENT TO CIRP REGULATIONS: RESOLUTION PROFESSIONAL TO SUBMIT SUBSEQUENT UPDATES TO INFORMATION MEMORANDUM AND MANDATORY DISCLOSURE OF PUFE TRANSACTIONS IN THE INFORMATION MEMORANDUM

The Insolvency and Bankruptcy Board of India (“**IBBI**”), vide its recent notification dated July 4, 2025, has introduced significant amendments to the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (“**CIRP Regulations**”) by way of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Fifth Amendment) Regulations, 2025. The amendments bring about vital changes to Regulation 36 and Regulation 38 of the CIRP Regulations with immediate effect from July 5, 2025.

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Key Takeaways from the Recent Amendment:

Regulation 36(1) of the CIRP Regulations has been amended to place a continuous obligation on the Resolution Professional, not only to submit the Information Memorandum in electronic form to each member of the Committee of Creditors on or before the ninety-fifth day from the insolvency commencement date, *but also to include all subsequent updates*. Further, Regulation 36(2) of the CIRP Regulations has been expanded to include a newly inserted clause (ha), which specifically mandates the inclusion of all identified avoidance transactions, if any, under Chapter III (Sections 43 to 51) or fraudulent or wrongful trading under Chapter VI of Part II (Sections 66 and 67) of the Insolvency and Bankruptcy Code, 2016 (“**IBC**”) as referred under sub-regulation (3A) of Regulation 35A of the CIRP Regulations.

Pertinently, the amendment introduces a restriction with respect to resolution plans seeking to assign such transactions in the event of the following scenarios. According to the newly inserted Regulation 38(2A) of the CIRP Regulations, if the avoidance transactions are not disclosed in the Information Memorandum and not communicated

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communicated to the prospective resolution applicants under Regulation 35A(3A) before the last date for submission of the resolution plans, then no resolution plan can include provision for their assignment. However, the proviso therein clarifies that this restriction will not apply to resolution plans that were already submitted to the Adjudicating Authority under Section 30(6) of the IBC on or before the date of the amendment.

The updated regime now crystallizes transparency obligations at the pre-submission stage. Only those PUFE claims that are both identified in the Information Memorandum and disclosed to all resolution applicants before the plan submission deadline can be considered for assignment within a resolution plan. This move is likely to enhance stakeholder confidence.

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VA View:

The aforesaid amendment represents a timely regulatory course correction in light of concerns raised across the insolvency ecosystem about the integrity of avoidance transaction recoveries.

By linking disclosure in the IM and timely communication under Regulation 35A(3A) as preconditions for any resolution plan to deal with avoidance actions, the amendment restores procedural fairness and accountability. It also helps ensure that the Committee of Creditors takes informed decisions while approving resolution plans.

Going forward, resolution professionals and legal advisors will need to exercise enhanced diligence in reviewing books of accounts, forensic audits and transactional trails to ensure that all potential avoidance claims are captured, recorded, and disclosed well in advance.

Overall, the amendment is a welcome safeguard against manipulation and opaqueness in the CIRP framework and a necessary step to uphold the sanctity of the resolution process under the IBC.