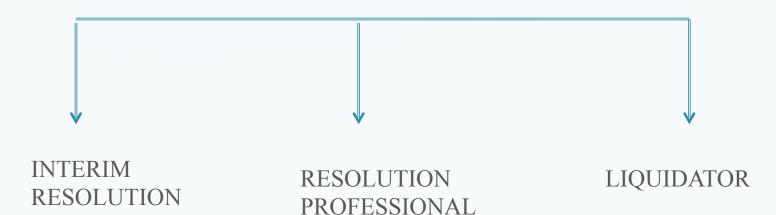
## Insolvency Professionals and Insolvency Professional Agencies

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### ROLE OF AN INSOLVENCY PROFESSIONAL



**PROFESSIONAL** 

## INTERIM RESOLUTION PROFESSIONAL

- Term − 14 days
- Collect information
- Collate claims of creditors
- Monitor assets and operations
- Control and keep custody of all assets
- Manage firm as a going concern
- Constitute a Committee of Creditors

### RESOLUTION PROFESSIONAL

- Term remainder of IRP process
- Conduct of the committee of creditors
- Determines vote share in meetings
- Protect and preserve assets
- Act on behalf of the debtor in any legal proceedings
- Raise interim finance
- Prepare the information memorandum
- Application for avoidance transactions

### LIQUIDATOR

- Consolidates, verifies, admits or rejects and values claims
- Protects and preserves assets
- Acts on behalf of the debtor
- Power to settle/institute legal proceedings
- Investigates into undervalued/preferential/extortionate transactions
- Fiduciary trustee of the liquidation trust

#### **INSOLVENCY PROFESSIONAL AGENCIES**

- Enrollment Certificate of Registration
- Objectives
- Promote development of the profession
- Create a competitive environment
- Protect interests of stakeholders
- Assist in smooth functioning of the bankruptcy and insolvency processes.

#### **INSOLVENCY PROFESSIONAL AGENCIES**

- Duties and Functions
- Set up a governing board for self regulation that lays down bye laws
- Prescribe standards of professional and ethical conduct
- Monitor performance of IPs
- Redress grievances
- Lay down grounds for expulsion
- Furnish a performance bond to the Regulator

#### **INSOLVENCY PROFESSIONALS**

- Enrollment
- Membership with an IPA
- Registration with the Regulator
- Duties as a professional
- Act with utmost care and diligence
- Adhere to bye-laws set out by the IPA
- Furnish a performance bond to the IPA

#### PENALTIES FOR IPS AND IPAS

- Grounds
- Negligence or fraud
- Failure to exercise due standard of care
- Disciplinary committee to be instituted by Regulator to conduct investigations
- Suspend/cancellation of registration
- Monetary penalty three times of the loss or equivalent to unlawful gain

### QUESTIONS TO BE DISCUSSED

- Performance bond
- No upper limit
- Ease of enforcing sufficient deterrent?
- Minimum qualifications
- No specifications
- Different standards by each IPA race to the bottom?

### QUESTIONS TO BE DISCUSSED

- IPA Dependency
- Are bye-laws robust enough to govern IPs?
- Misconduct by IPs
- List of offences not comprehensive
- Clarity on role of the Regulator, IPAs and the Adjudicating Authority

## THANK YOU