

Section	Sub section or Clause	IBC code, 2016	IBC (Amendment) Ordinance, 2018	Comments
5	5A	-	“Corporate guarantor” means a corporate person who is the surety in a contract of guarantee to a corporate debtor	New clause 5A has been inserted to draw a line of difference between personal guarantors and corporate guarantors.
5	(8) (f)	“financial debt” means any amount raised under any other transaction, including any forward sale or purchase agreement, having the commercial effect of a borrowing;	Explanation to the clause: (i) any amount raised from an allottee under a real estate project shall be deemed to be an amount having the commercial effect of a borrowing and, (ii) “allottee” and “real estate” project shall have the same meaning as contained in the definitions under the Real Estate (Regulation and Development) Act, 2016	The insertion of the explanation has in effect made it clear that home buyers who have been allotted homes or sites in the real estate projects shall be considered financial creditors who were hitherto not considered.
5	(24A)	-	Definition of “related party”	The insertion of the exhaustive definition has widened the scope of related parties with respect to insolvency proceedings
7	(1)	A financial creditor either by itself or jointly with <i>other financial creditors</i> may file an application for initiating corporate insolvency resolution process against a corporate debtor before the Adjudicating Authority when a default has occurred.	A financial creditor either by itself or jointly with <i>other financial creditors or any other person on behalf of the financial creditor as may be notified by the Central government</i> may file an application for initiating corporate insolvency resolution process against a corporate debtor before the Adjudicating Authority when a default has occurred.	The insertion to the explanation implies that persons on behalf of financial creditors (any an authorized representative)as may be notified by the CG can also initiate corporate insolvency resolution process.
9	3(a)	(a) a copy of the invoice demanding payment or demand notice delivered by the operational creditor to the corporate debtor;	(a) a copy of the invoice demanding payment or demand notice delivered by the operational creditor to the corporate debtor; <i>if available</i>	This is aimed at procedural relaxation.
10	4(a)	admit the application, if it is complete;	admit the application, if it is complete <i>and no disciplinary proceeding is pending against the resolution professional</i>	The insertion of this clause is intended to ensure the eligibility of the insolvency resolution professional.

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12	(2)	(2) The resolution professional shall file an application to the Adjudicating Authority to extend the period of the corporate insolvency resolution process beyond one hundred and eighty days, if instructed to do so by a resolution passed at a meeting of the committee of creditors by a vote of seventy-five per cent of the voting shares.	(2) The resolution professional shall file an application to the Adjudicating Authority to extend the period of the corporate insolvency resolution process beyond one hundred and eighty days, if instructed to do so by a resolution passed at a meeting of the committee of creditors by a vote of Sixty-six per cent of the voting shares.	The amendment is intended to ensure easier conduct of IRP.
12	12A	-	The Adjudicating authority may allow withdrawal of application filed u/s 7,9 or 10 with the approval of 90% of the voting shares of the committee of creditors in such manner as may be prescribed	The insertion of this section allows withdrawal of the application which was hitherto not allowed.
14	14(3)	(3) The provisions of sub-section (1) shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.	(3) The provisions of sub-section (1) shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator. <i>(b) a surety in a contract of guarantee to a corporate debtor</i>	The insertion of this clause is intended to ensure the right to institute or continue legal proceedings against the corporate guarantors are not affected during the moratorium period..
16	(5)	The term of the interim resolution professional shall not exceed thirty days from date of his appointment.	Shall continue till the date of appointment of the resolution professional under section 22	This is aimed at procedural relaxation.
17	(e)	-	Interim resolution professional shall be responsible for complying with requirements under any law for the time being in force on behalf of the corporate debtor	The insertion of this sub section is intended to ensure compliance under all laws even during the moratorium.

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21	2 (a)	Provided that a related party to whom a corporate debtor owes a financial debt shall not have any right of representation, participation or voting in a meeting of the committee of creditors.	Provided that financial creditor or authorised representative of the financial creditor referred to u/s 24 (5), (6), 6A, shall not have any right of representation, participation or voting, if it is a related party of the corporate debtor (b) provided the first proviso shall not apply to a financial creditor regulated d by financial sector regulator, if it is a related party solely on account of conversion of debt into equity shares or conversion of instruments into equity shares prior to insolvency commencement date.	The insertion of the section is to emphasize that the committee of Creditors comprise only of financial creditors along with their respective authorized representatives.
22	2(a)	(2) The committee of creditors, may, in the first meeting, by a majority vote of not less than seventy-five per cent of the voting share of the financial creditors, either resolve to appoint the interim resolution professional as a resolution professional or to replace the interim resolution professional by another resolution professional.	(2) The committee of creditors, may, in the first meeting, by a majority vote of not less than sixty six per cent of the voting share of the financial creditors, either resolve to appoint the interim resolution professional as a resolution professional or to replace the interim resolution professional by another resolution professional.	The amendment is intended to ensure appointment of appropriate IRP and to reach a consensus on the same at the earliest.
27	(2)	(2) The committee of creditors may, at a meeting, by a vote of seventy five per cent of voting shares, propose to replace the resolution professional appointed under section 22 with another resolution professional.	(2) The committee of creditors may, at a meeting, by a vote of sixty six per cent of voting shares, propose to replace the resolution professional appointed under section 22 with another resolution professional.	The amendment is intended to ensure that the IRP be replaced with lesser percentage of creditors vote and for effective conduct of the IRP.
28	(3)	(3) No action under sub-section (1) shall be approved by the committee of creditors unless approved by a vote of seventy five per cent of the voting shares.	(3) No action under sub-section (1) shall be approved by the committee of creditors unless approved by a vote of sixty six per cent of the voting shares.	The amendment is intended to ensure easier conduct of IRP

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29A	-	<p>A person shall not be eligible to submit a resolution plan, if such person, or any other person acting jointly or in concert with such person</p> <p>(c) – “has an account, or an account of a corporate debtor under the management or control of such person or of whom such person is a promoter, classified as non-performing asset in accordance with the guidelines of the Reserve Bank of India issued under the Banking Regulation Act, 1949 and at least a period of one year has lapsed from the date of such classification till the date of commencement of the corporate insolvency resolution process of the corporate debtor: Provided that the person shall be eligible to submit a resolution plan if such person makes payment of all overdue amounts with interest thereon and charges relating to non-performing asset accounts before submission of resolution plan.”</p> <p>(d) has been convicted for any offence punishable with imprisonment for two years or more</p> <p>(e) is disqualified to act as a director under the Companies Act, 2013</p>	<p>A person shall not be eligible to submit a resolution plan, if such person, or any other</p> <p>(c) – “at the time of submission of resolution plan has an account, or an account of a corporate debtor under the management or control of such person or of whom such person is a promoter, classified as non-performing asset in accordance with the guidelines of the Reserve Bank of India issued under the Banking Regulation Act, 1949 or the guidelines of a financial sector regulator issued under any other law for the time being in force and at least a period of one year has lapsed from the date of such classification till the date of commencement of the corporate insolvency resolution process of the corporate debtor: Provided that the person shall be eligible to submit a resolution plan if such person makes payment of all overdue amounts with interest thereon and charges relating to non-performing asset accounts before submission of resolution plan.</p> <p>Provided further that nothing in this clause shall apply to resolution applicant where such applicant is a financial entity and is not a related party to the corporate debtor.</p> <p>Explanation I. – For the purposes if this proviso, the expression “related party” shall not include a financial entity, regulated by a financial sector regulator, if it is a financial creditor of the corporate debtor and is a related party of the corporate debtor solely on account of conversion or substitution of debt into equity shares or instruments convertible into equity</p>	<p>The clause will be omitted, thereby reducing one layer of ineligibility.</p> <p>(c) For ineligibility, NPA should be there at the time of submission of resolution plan.</p> <p>NPA classification may be under the Banking Regulation Act, 1949 or guidelines issued by any financial sector regulator in India (e.g. by NHB).</p> <p>“Unrelated” “financial entities” to be exempted. “Financial entity” to be defined in proposed explanation II. Financial entities holding securities of the corporate debtor on account of conversion of debt not to be considered “related”.</p> <p>Exemption of 3 years proposed for an acquirer who acquired an NPA account under a resolution plan. The period of 3 years to be calculated from the approval of the earlier resolution plan.</p> <p>(d) Conviction for offences with imprisonment for 2 years or more which are listed under Schedule XII</p>

		<p>(g) -- has been a promoter or in the management or control of a corporate debtor in which a preferential transaction, undervalued transaction, extortionate credit transaction or fraudulent transaction has taken place and in respect of which an order has been made by the Adjudicating Authority under this Code</p> <p>(h) -- has executed an enforceable guarantee in favour of a creditor in respect of a corporate debtor against which an application for insolvency resolution made by such creditor has been admitted under this Code</p> <p>(i) – “has been subject to any disability, corresponding to clauses (a) to (h), under any law in a jurisdiction outside India”</p> <p>(j) -- “has a connected person not eligible under clauses (a) to (i)”</p>	<p>shares, prior to insolvency commencement date.</p> <p>Explanation II. – For the purposes of this clause, where resolution applicant has an account, or an account of a corporate debtor under the management or control of such person or whom such person is a promoter, classified a non-performing asset and such account was acquired pursuant to a prior resolution plan approved under this Code, then, the provisions of this clause shall not apply to such resolution applicant for a period of three years from the date of approval of such resolution plan by the Adjudicating Authority under this Code.</p> <p>(d) has been convicted for any offence punishable with imprisonment – (i) for two years or more under any Act specified under the Twelfth Schedule; or (ii) for seven years or more under any other law for the time being in force.</p> <p>Provided that this clause shall not apply to a person after the expiry of a period of two years from the date of his release from imprisonment: Provided further that this clause shall not apply in relation to a connected person referred to in clause (iii) of Explanation I</p> <p>(e) “is disqualified to act as a director under the Companies Act, 2013 Provided that this clause shall not apply in relation to a connected person referred to in clause (iii) of Explanation I.</p> <p>(g) has been a promoter or in the management or control of a corporate debtor in which a preferential transaction, undervalued transaction, extortionate credit transaction or fraudulent transaction has taken place and in</p>	<p>and for seven years or more for any other law for the time being in force.</p> <p>Disqualification period doesn't apply to: persons who have completed 2 years from the date of conviction or from the date of release from imprisonment, whichever is later.</p> <p>(e) Only sub-clauses (i) and (ii) under the definition of “connected persons” are to apply, since a company cannot be a holding/subsidiary/associate of an individual.</p> <p>(g) Exemption, where the resolution applicant has acquired such corporate debtor pursuant to resolution plan/scheme or plan approved by financial sector regulator or a court, and such order against vulnerable transaction was made before the acquisition.</p> <p>(h) Ineligibility will arise only if such guarantee is invoked and the guarantor dishonours the guarantee.</p> <p>(i) Disability should be there at the time of submission of resolution plan.</p> <p>(j) A person who co-operates with the resolution applicant with a common objective, directly or indirectly, formally or informally, so as to acquire control/voting rights of the corporate debtor will also be a “connected</p>
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			<p>Explanation II: For the purposes of this section, “financial entity” shall mean the following entities which meet such criteria or conditions as the Central Government may in consultation with the financial sector regulator, may notify in this behalf, namely: -</p> <p>(a) A scheduled bank</p> <p>(b) Any entity regulated by a foreign central bank or a securities market regulator or other financial sector regulator of a jurisdiction outside India which Jurisdiction is compliant with the Financial Action Task Force Standards and is a signatory to the International Organisation of Securities Commissions Multilateral Memorandum of Understanding</p> <p>(c) Any investment vehicle, registered foreign portfolio investor, registered foreign portfolio investor or a foreign venture capital investor, where the terms shall have meanings assigned to them in Regulation 2 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations,2017 made under Foreign Exchange Management Act, 1999.</p> <p>(d) Any Asset Reconstruction Company registered with Reserve Bank of India under Section 3 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act,2002.</p> <p>(e) Alternate Investment Fund registered with the Securities and Exchange Board of India</p> <p>(f) Such categories of persons as maybe notified by the Central Government.</p>	
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30	(4)	(4) The committee of creditors may approve a resolution plan by a vote of not less than seventy five per cent of voting share of the financial creditors.	(4) The committee of creditors may approve a resolution plan by a vote of not less than sixty six per cent of voting share of the financial creditors.	The amendment is intended to make the process of reaching a resolution easier for Committee of Creditors to go ahead with a plan even if there is no consensus among bankers.
31	(4)	-	Pursuant to approval of resolution plan, the resolution applicant shall obtain approvals under any law for the time being in force within a period of 1 year or such period as is provided under law, whichever is later	This amendment seeks to make the resolution applicant responsible for obtaining approvals so that the resolution plan fructifies.
33	(2)	Where the resolution professional, at any time during the corporate insolvency resolution process but before confirmation of resolution plan, intimates the Adjudicating Authority of the decision of the committee of creditors to liquidate the corporate debtor, the Adjudicating Authority shall pass a liquidation order as referred to in sub-clauses (i), (ii) and (iii) of clause (b) of sub-section (1)	Where the resolution professional, at any time during the corporate insolvency resolution process but before confirmation of resolution plan, intimates the Adjudicating Authority of the decision of the committee of creditors approved by not less than sixty six per cent of the voting share to liquidate the corporate debtor, the Adjudicating Authority shall pass a liquidation order as referred to in sub-clauses (i), (ii) and (iii) of clause (b) of sub-section (1)	The amendment is intended to streamline the resolution process and make it easier for liquidation that may be initiated.
238A	-	-	Provisions of the Limitation Act, 1963 to apply to proceedings, appeals before NCLT and Debt recovery tribunals including their appellate authorities.	This amendment is intended at ensuring that procedures under the IBC are governed by Limitation Act with the objective of bringing about uniformity in the resolution process.
240A	-	-	Applicability or otherwise of the eligibility / ineligibility of resolution applicants to MSME'	The ineligibility criteria of resolution applicants will not be applicable to persons applying for resolution of MSMEs. The applicability is subject to notification by the CG.