INSTITUTE OF INSOLVENCY PROFESSIONALS
(Subsidiary of ICSI and Insolvency Professional Agency of IBBI)

IBC UPDATE-4/2026
(14/09/2026)

"IBBI Issues Discussion Paper on Strengthening Safeguards in Insolvency Resolution Process for Personal Guarantors to Corporate Debtors – Invites Comments till 3 October 2026"

Dear Professional Member,

Greetings from **ICSI Institute of Insolvency Professionals (ICSI IIP)**!

On 12.09.2026, the Insolvency and Bankruptcy Board of India (IBBI) has released a Discussion Paper proposing significant amendments to the Insolvency Resolution Process (IRP) framework for Personal Guarantors to Corporate Debtors. The proposals aim to enhance transparency, strengthen creditor protection, improve decision-making, and align the personal guarantor insolvency framework with safeguards available under the Corporate Insolvency Resolution Process (CIRP).

Key Highlights

- **Related Party Voting:** Related parties of the personal guarantor to be assigned **nil voting share** on repayment plans.
- **Avoidance Transactions:** RPs to identify and report preferential, undervalued, fraudulent, and extortionate credit transactions, and take appropriate action.
- **Asset Valuation:** Mandatory appointment of a registered valuer to determine the fair value and realisable value of the guarantor's assets.
- **Reasoned Creditor Decisions:** Creditors' deliberations and commercial rationale for approving repayment plans to be specifically recorded in meeting minutes.

Invitation for Public Comments

IBBI has invited public comments on the discussion paper from all stakeholders, including insolvency professionals, insolvency professional agencies, creditors, academics, investors, and other interested persons.

Last Date for Submission of Comments: 3 October 2026

Comments may be submitted online through the Public Comments section available on the IBBI website.

Link of the IBBI Discussion Paper

For complete details, please refer to the full discussion paper available on the IBBI website: https://ibbi.gov.in/uploads/whatsnew/bafac143b46df288287ecd9803eb0d3c.pdf

Members are encouraged to stay updated on these regulatory developments as they have a direct bearing on ongoing and future assignments under the Code.

We hope the above update is useful in your professional endeavours.

Warm regards,
Team ICSI Institute of Insolvency Professionals (ICSI IIP)

This communication is being circulated for information and awareness of insolvency professionals and other stakeholders.