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

IBC UPDATE-5/2026
(22/09/2026)

“Interim Moratorium No Longer Applicable to Personal Guarantors: IBBI clarifies”

Dear Professional Member,

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

IBBI has issued Circular No. IBBI/II/106/2026 dated September 21, 2026, clarifying the applicability of the amended provisions relating to interim moratorium for personal guarantors to corporate debtors.

The Insolvency and Bankruptcy Code (Amendment) Act, 2026 inserted sub-section (4) in Sections 96 and 124 of the IBC, providing that the interim moratorium shall not apply to a Personal Guarantor to a Corporate Debtor with effect from 26th May 2026.

The Bombay High Court in *Tata Capital Financial Services Limited v. Neel Motors LLP & Ors.* and the Delhi High Court in *IDBI Trusteeship Services Ltd. v. Manish Jain & Ors.* considered the amended provision to be **retroactive in its operation**, thereby covering applications that were already pending.

IBBI has now formally highlighted this legal position through its Circular dated **21st September 2026**.

The IBBI has clarified that **the interim moratorium under Section 96 and, correspondingly, Section 124 of the IBC ceased to operate from 26th May 2026 in respect of Personal Guarantors to Corporate Debtors, including applications pending before the Adjudicating Authority as on that date.**

The clarification assumes significance for ongoing personal guarantor insolvency proceedings under the IBC.

Members are requested to take note of this regulatory development.

Link of the IBBI circular

For complete details, please refer to the full circular available on the IBBI website: https://ibbi.gov.in/uploads/whatsnew/778e13b82df050c20c0c13dfa3e8ea16.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.