

**No. 30/04/2017-Insolvency Section
Government of India
Ministry of Corporate Affairs**

5th Floor, A wing
Shastri Bhawan, New Delhi
Dated: 16.08.2019

Order

Subject: - Constitution of Sub-Committee of Insolvency Law Committee for Notification of Financial Service Providers (FSPs) under Section 227

Section 227 of Part V (Miscellaneous) of Insolvency and Bankruptcy Code, 2016(Code) mandates for notification of financial service providers(FSPs) or categories of financial service providers by the Central Govt. for the purpose of their insolvency and liquidation proceedings, which may be conducted under the Code. In this regard, consultation has been done by this ministry with financial regulators for notifying such FSPs and views of these financial regulators were shared with the Department of Economic Affairs (DEA) and Insolvency & Bankruptcy Board of India (IBBI).

DEA has suggested the division of various FSPs between proposed Financial Resolution and Deposit Insurance Bill, 2016 (FRDI) & Code based on the criteria of non-involvement/tendering of public funds to the FSPs by Public, critical value of the FSPs and the capacity of consumers to access and process information relating to the safety and soundness of the class of FSPs etc and provided a comprehensive list of FSPs to this ministry.

2. In view of above, it has been decided to refer the matter to a sub-committee of Insolvency Law comprising (ILC) for examining it further and to give its recommendations to this ministry on following terms of reference:

- i. The financial service providers or categories of financial service providers that can be notified under section 227 of the code for the purpose of their insolvency and liquidation proceedings based on the inputs received from Department of Economic Affairs (DEA) and other financial regulators, keeping the due consideration for the FSPs to be covered under the proposed FRDI Bill so as to rule out any regulatory gap or overlap to cover all FSPs,
- ii. The regulatory framework that may be required for dealing with such FSPs,
- iii. In light of current financial stress in certain NBFCs and HFCs, the possibility of covering them under specific framework duly factoring the recent amendments done in the Reserve Bank of India Act, 1934, by Finance Act, 2019

4. Accordingly a sub-committee of Insolvency Law Committee is constituted as under:-

- (i) Dr M.S.Sahoo, Chairperson IBBI & Member, ILC : Chairman
- (ii) Dr Shashank Saxena, Adviser, DEA, Ex-officio Member, IBBI : Member
- (iii) Sh Behram Vakil, Partner ABZ & Partners, Member, ILC : Member
- (iv) Sh Sunil Mehta, MD&CEO PNB, President IBA, Member, ILC : Member
- (v) Sh R.B.Verma, Ex-President, National Housing Bank : Member
- (vi) Nominee of Reserve Bank of India not below the rank of ED : Member

Vidhi Centre for Legal policy will provide the legal research assistance to the sub-committee.

5. The Committee may also invite or co-opt practitioners, experts or individuals who have knowledge or experience in the subject matter. The Committee may also consult other stakeholders as part of its deliberations.

6. The non-official members of the Committee shall be eligible for travelling, conveyance and other allowances as per extant government instructions, wherever the sponsoring agency is unable to bear their expenditure. Secretarial support to the Committee will be arranged by Insolvency and Bankruptcy Board of India.

7. The Committee shall submit its recommendations within two weeks from its first meeting.

8. This issues with the approval of Secretary, Corporate Affairs.


(Rakesh Tyagi)
Director

To

All members

Copy to:-

- i. PS to CAM
- ii. PS to MOS for CA
- iii. Sr. PPS to Secretary, MCA
- iv. Governor, Reserve Bank of India with a request to nominate an officer not below the rank of Executive Director as member of the Committee
- v. PS to AS
- vi. PS to JS(G)
- vii. Vidhi Centre for Legal Policy