

(iv)	<b><u>Moratorium and Public Announcement (Secs. 13, 14 and 15)</u></b>
	(i) <b><u>Declaration of moratorium and public announcement - Sec. 13</u></b>
	AA, after admission of the application u/s 7 or 9 or 10, shall, by an order:
	(a) declare a moratorium for the purposes referred to in Sec. 14;
	(b) cause a public announcement of the initiation of CIRP and call for the submission of claims u/s 15; and
	(c) appoint an IRP in the manner as laid down in section 16.
	Public announcement shall be made immediately after the appointment of the IRP.
	(ii) <b><u>Moratorium - Sec. 14</u></b>
	On the insolvency commencement date, AA shall declare moratorium for prohibiting all of the following, namely:
	(a) institution of suits or continuation of pending suits or proceedings against corporate debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;
	(b) transferring, encumbering, alienating or disposing of by corporate debtor any of its assets or any legal right or beneficial interest therein;
	(c) any action to foreclose, recover or enforce any security interest in respect of any property of corporate debtor including any action under the SARFAESI Act, 2002;
	(d) recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.
	<b><u>Exemptions:</u> The following act shall not be prohibited during moratorium:</b>
	(1) Supply of essential goods/services to the corporate debtor shall not be terminated or suspended or interrupted during moratorium period.
	(2) Such transactions, agreements or other arrangement as notified by the C.G. in consultation with any financial sector regulator or any other authority.
	(3) A surety in a contract of guarantee to a corporate debtor.

	<b>Note:</b> Where IRP/RP, considers supply of goods/services critical to protect & preserve value of corporate debtor and manage the operations of such corporate debtor as a going concern, then supply of such goods/services shall not be terminated, suspended or interrupted during the period of moratorium, <b>except where such corporate debtor has not paid dues arising from such supply during the moratorium period or in such circumstances as may be specified.</b>
	<b><u>Date of effect of order:</u></b>
	Order of moratorium shall have effect from the date of such order till the completion of the CIRP:
	Provided that where at any time during the CIRP, if the AA approves the resolution plan u/s 31(1) or passes order for liquidation of corporate debtor u/s 33, moratorium shall cease to have effect from the date of such approval or liquidation order.
	<b>(iii) <u>Public announcement of CIRP - Sec. 15</u></b>
	The public announcement of the CIRP shall contain the following information, namely:
	(a) name and address of the corporate debtor under CIRP;
	(b) name of the authority with which the corporate debtor is incorporated or regd.;
	(c) the last date for submission of claims, as may be specified;
	(d) details of the IRP who shall be vested with management of corporate debtor and be responsible for receiving claims;
	(e) penalties for false or misleading claims; and
	(f) the date on which the CIRP shall close, which shall be the 180 <sup>th</sup> day from the date of the admission of the application.
	<b><u>Time Limit to make public announcement</u></b>
	IRP shall make the Public Announcement immediately after his appointment, i.e. not more than 3 days from the date of appointment of IRP.
	<b><u>Expenses of Public Announcement</u></b>
	shall be borne by the applicant which may be reimbursed by the CoC, to the extent, it ratifies them.
	<b>Do practice - Questions on Moratorium and Public Announcement (Secs. 13, 14 and 15)</b>

(v)	<b><u>Interim Resolution Professional (IRP) - Secs. 16 to 20</u></b>
	<b>(a) <u>Appointment and tenure of IRP - Sec. 16</u></b>
	⇒ AA shall appoint an IRP on the Insolvency commencement date.
	⇒ <b><u>Application for CIRP made by a financial creditor or the corporate debtor</u></b> : RP as proposed in the application u/s 7 or 10, shall be appointed as the IRP if no disciplinary proceedings are pending against him.
	⇒ <b><u>Application for CIRP is made by an operational creditor</u></b> :
	(a) <b><u>No proposal for an IRP is made</u></b> : AA shall make a reference to the Board for the recommendation of an insolvency professional who may act as an IRP;
	(b) <b><u>Proposal for an IRP is made</u></b> : RP as proposed, shall be appointed as the IRP if no disciplinary proceedings are pending against him.
	⇒ Board shall, within 10 days of receipt of a reference from AA, recommend the name of an IP to AA against whom no disciplinary proceedings are pending.
	⇒ <b><u>Term of the IRP</u></b> : continue till appointment of the RP u/s 22.
	<b>(b) <u>Management of affairs of corporate debtor by IRP - Sec. 17</u></b>
	From the date of appointment of the IRP:
	(a) the management of the affairs of the corporate debtor shall vest in the IRP.
	(b) the powers of the board of directors or the partners of the corporate debtor, as the case may be, shall stand suspended and be exercised by the IRP;
	(c) the officers and managers of the corporate debtor shall report to the IRP and provide access to documents & records of corporate debtor as required by IRP;
	(d) the financial institutions maintaining accounts of the corporate debtor shall act on the instructions of the IRP in relation to such accounts and furnish all information relating to the corporate debtor available with them to the IRP.
	<b>(c) <u>Duties of IRP - Sec. 18</u></b>
	(a) Collect all information relating to the assets, finances and operations of the corporate debtor for determining the financial position of the corporate debtor.
	(b) Receive and collate all the claims submitted by creditors to him, pursuant to the public announcement made under sections 13 and 15;
	(c) Constitute a committee of creditors (CoC);
	(d) Monitor the assets of the corporate debtor and manage its operations until a RP is appointed by the CoC;

	(e) File information collected with the information utility, if necessary; and
	(f) Take control and custody of any asset over which the corporate debtor has ownership rights as recorded in the B/S of corporate debtor, or with information utility or the depository of securities or any other registry that records the ownership of assets.
	(g) To perform such other duties as may be specified by the Board.
	<b><u>Manner of submission of proof of claims to IRP:</u></b>
	⚡ Operational creditor shall submit proof of claims in Form B.
	⚡ Financial Creditor shall submit proof of claims in Form C.
	⚡ Workmen and employees shall submit proof of claims in Form D.
	⚡ IRP shall verify claims within 7 days from the last date and within 2 days of such verification, file a report to the AA, certifying constitution of the CoC.
	⚡ Creditor, who fails to submit claim in the specified time, may submit the claim with proof to the IRP/RP, on or before the 19th day of insolvency commencement date.
	⚡ IRP or the RP, shall verify every claim and thereupon maintain a list of creditors.
	⚡ List of creditors shall be filed with AA & displayed on the website, if any, of CoC.
	<b>(d) <u>Management of operations of corporate debtor as going concern - Sec. 20</u></b>
	IRP shall make every endeavour to protect and preserve the value of property of the corporate debtor and manage operations of the corporate debtor as a going concern.
	For this purpose, the IRP shall have the authority:
	(a) To appoint accountants, legal or other professionals as may be necessary;
	(b) To enter into contracts or to amend or modify the contracts which were entered into before the commencement of CIRP;
	(c) To raise interim finance provided that no security interest shall be created over any encumbered property without the prior consent of the creditors whose debt is secured over such encumbered property:
	No prior consent shall be required where the value of such property is not less than the amount equivalent to twice the amount of the debt.
	(d) To issue instructions to personnel of the corporate debtor; and
	(e) To take all such actions as are necessary.
	<b>Do practice - Questions on Interim Resolution Professional (IRP) - Secs. 16 to 20</b>