

MINISTRY OF CORPORATE AFFAIRS**NOTIFICATION**

New Delhi, the 30th January, 2020

S.O. 464(E).— In exercise of the powers conferred by [section 227](#) of the Insolvency and Bankruptcy Code, 2016 (31 of 2016) and in pursuance of rule 10 of the [Insolvency and Bankruptcy \(Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority\) Rules, 2019](#), the Central Government, in consultation with the Reserve Bank of India, hereby notifies the manner of dealing with the third party assets in custody or possession of such financial service providers, as referred to in the [notification vide No. S.O. 4139\(E\)](#), dated 18th November, 2019, by the Administrator appointed under clause (a) of rule 5 of the said rules, as under:

1. Receivables for Third Parties:-

Where a financial service provider is contractually obliged, as on the insolvency commencement date, to act as a servicing or collection agent on behalf of third parties in respect of a transaction such as securitisation or lending arrangement, the Administrator shall-

- (a) prepare a statement of such transactions and respective agency contract;
- (b) continue to discharge the obligations of the financial service provider as a servicing or collection agent;
- (c) ensure that the receivables, in respect of such transactions, collected are deposited and maintained in a separate account and are not merged with the funds or other assets of such financial service provider;
- (d) oversee the operation of the account referred to in item (c);
- (e) transfer such receivables collected and deposited in the account referred to in item (c) in accordance with the terms and conditions of such contract:

Explanation.- For the purpose of this item, any fee received by the financial service provider as a servicing or collection agent shall not be transferred to the account referred to in item (c) and it shall be dealt with by the Administrator as forming part of the assets of such financial service provider.

2. Assets of Third Parties

Where the financial service provider has, as on the insolvency commencement date, in its custody or possession assets owned by its customers or counterparties or by counterparties of its customers under a contract, and is under an obligation to return or transfer such assets in accordance with the terms and conditions of such contract, the Administrator shall-

- (a) prepare a statement of such assets and the respective contracts;
- (b) ensure that such assets are maintained in a separate and distinct manner, capable of identifying them contract-wise, and are not merged with those of financial service provider;
- (c) return or transfer such assets to the person entitled to receive it in accordance with the terms and conditions of such contract:

Provided that when such assets shall not be returned by the Administrator, due to breach of the terms of the contract, the financial service provider has become entitled to retain such assets for itself or dispose of the same to realise its dues.

[F. No. 30/01/2020-Insolvency]
GYANESHWAR KUMAR SINGH, Jt. Secy.

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