

The Bilateral Netting of Qualified Financial Contracts Act, 2020

Chapter-IV

Limitations on Powers of Administration Practitioner

Section 8: Limitations on powers of administration practitioner.

8. The administration practitioner shall not render or seek to render ineffective,—

(a) any transfer, substitution or exchange of cash, collateral or any other interests under or in connection with a netting agreement between the insolvent party and the non-insolvent party to a qualified financial contract; or

(b) any payment or delivery obligation incurred by the insolvent party and owing to the non-insolvent party under or in connection with a netting agreement on the grounds of it constituting a preference including a fraudulent preference or a transfer for undervalue, including during a suspect period by the insolvent party to the non-insolvent party.

Explanation.—For the purposes of this clause, "suspect period" means the relevant period referred to in sub-section (4) of section 43 of the Insolvency and Bankruptcy Code, 2016 in respect of "preferential transaction" and in sub-section (1) of section 46 of the said Code in respect of "undervalued transaction".
