

[AS PASSED BY THE NATIONAL ASSEMBLY]

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BILL

further to amend the Corporate Restructuring Companies Act, 2016

WHEREAS it is expedient further to amend the Corporate Restructuring Companies Act, 2016 (XXXII of 2016), for the purposes herein after appearing;

It is hereby enacted as follows:-

1. **Short title and commencement.-** (1) This Act shall be called the Corporate Restructuring Companies (Amendment) Act, 2021.

(2) This Act shall come into force at once.

2. **Amendments in Section 2, Act XXXII of 2016.-** In the Corporate Restructuring Companies Act, 2016 (XXXII of 2016), hereinafter referred as the said Act, in section 2,-

(a) in sub-section (1),-

(i) after clause (ii), the following new clause shall be inserted, namely:-

(iia) "Companies Act" means the Companies Act, 2017 (XIX of 2017);"

(ii) in clause (iv), in sub-clause (a), after the word "institutions", the expression ", save as otherwise provided for in section 8A" shall be added;

(iii) clause (vi) shall be omitted;

(iv) in clause (x) after the word "obligation", the words "or which has been classified by the financial institution as a loss in its books in accordance with the applicable laws" shall be added;

(v) clause (xii) shall be omitted; and

(vi) after clause (xxi), the following new clause (xxia) shall be inserted, namely:-

"(xxia) " trust" means a trust constituted pursuant to section 6A,";

(b) in sub-section (2), for the word "Ordinance", the words "Companies Act" shall be substituted.

3. **Amendment in section 4, Act XXXII of 2016.**- In the said Act, in section 4, in sub-section (2), for the word "Ordinance", the words "Companies Act" shall be substituted.

4. **Amendments in section 5, Act XXXII of 2016.**-In the said Act, in section 5, in sub-section (1),-

- (a) in clause (g), the word "and", occurring at the end, shall be omitted; and
- (b) in clause (h), for full stop at the end a semicolon shall be substituted and thereafter the following new clauses shall be added, namely:-
 - "(i) to provide finance as defined in the Financial Institutions (Recovery of Finances) Ordinance, 2001 (XLVI of 2001) for carrying out the purposes of this Act;
 - (j) to establish and provide management services to trusts in terms of section 6A;
 - (k) to act as an agent for any financial institution for the purpose of recovering their non-performing assets as provided under section 6B; and
 - (l) to develop and implement a scheme in terms of section 8A."

5. **Amendments in section 6, Act XXXII of 2016.** - In the said Act, in section 6, in sub-section (1),-

- (a) in clause (a),-
 - (i) the expression "established, owned or" shall be omitted; and
 - (ii) after the expression "affiliates,", the expression "subject to clause (e) of sub-section (1)," shall be inserted;
- (b) in clause (c), the word "and", occurring at the end, shall be omitted;
- (c) in clause (d), for the full stop at the end, a semicolon shall be substituted and thereafter the word "and" shall be inserted;and
- (d) after clause (d), amended as aforesaid, the following new clause shall be added, namely:-
 - "(e) any transfer or assignment of non-per forming assets pursuant to the transfer and assignment agreement shall be deemed to be effected by operation of law and not-
 - (i) by virtue of execution of such agreement by any party thereto; and
 - (ii) constitute any assignment, transfer, devolution, conveyance, lease, consent order, alienation, parting with possession or any other disposition under any applicable law other than the provisions of section 6."

6. **Insertion of section 6A, Act XXXII of 2016.**- In the said Act, after section 6, amended as aforesaid, the following new section shall be inserted, namely:-

"6A. Creation of trust.- (1) A Corporate Restructuring Company may constitute one or more trusts under the Trusts Act, 1882 (II of 1882) for the purpose of acquiring non-performing assets from financial institutions.

(2) A trust constituted under sub-section (1) may acquire non-performing assets from a financial institution in accordance with section 6, provided that the transfer and assignment agreement shall be entered into by the Corporate Restructuring Company, for and on behalf of the trust.

(3) The management of any trust constituted under sub-section (1) shall vest in the Corporate Restructuring Company on the terms set forth in the constitutive document of such trust.

(4) The trust may be liquidated in a manner as may be prescribed.

(5) For the purpose of giving effect to section 6A, the references in this Act to a Corporate Restructuring Company shall, unless repugnant to the context, include a trust established under section 6A.

6B. Appointment of a Corporate Restructuring Company as a recovery agent - A financial institutions may appoint a Corporate Restructuring Company as its agent for recovery of its non-performing assets by entering into an agency agreement with such Corporate Restructuring Company on such terms and conditions as may be mutually agreed between them:

Provided that in case an agency relationship, their shall be no transfer of any non-performing assets to Corporate Restructuring Company."

7. **Insertion of sections 7A and 7B, Act XXXII of 2016.**-In the said Act, after section 7, the following new sections shall be inserted, namely:-

"7A. Exchange of information. - (1) For the purposes of this Act, financial institutions may exchange information relating to an obligor on confidential basis with the Corporate Restructuring Company.

(2) No suit or other legal proceedings shall lie against any financial institution or its officers, for anything done in good faith in pursuance of this section or for any damage caused or likely to be caused by anything done or intended to be done as aforesaid.

7B. Credit institution. -A Corporate Restructuring Company shall be deemed to be a credit institution for the purposes of the Credit Bureaus Act, 2015 (XI of 2015)."

8. **Insertion of sections 8A and 8B Act XXXII of 2016.**- In the said Act, after section 8, the following new sections shall be inserted, namely:-