Code of Ethics

Hyderabad Branch of SIRC of ICAI

On 31st October 2026.

On Occasion of Global Ethics Day

and in

50th Year of Establishment of Ethical Standard Board

CA Pankaj Kumar Trivedi

Disclaimer

Member has been referred as “he” in all slides as per wordings contained in code of Ethics and also Includes “She”.

This is the Evolving Subject and the Applicabilty of Code ensures the respect we get as Members of Profession. It is therefore important that we all follow the code always in True Letter and spirit.

Misconduct Definition

- Section 22. Professional or other misconduct defined—For the purposes of this Act, the expression "professional or other misconduct" shall be **deemed to include any act or omission provided in any of the Schedules**, but nothing in this section shall be construed to limit or abridge in any way the power conferred or duty cast on the Director (Discipline) under sub-section (1) of section 21 to inquire into the conduct of any member of the Institute under any other circumstances

Summary of clauses / items in the schedules

Number of Schedules - 2

First Schedule - 4 Parts

Part I - Professional misconduct in relation to Member in **practice** which would have the affect generally of **compromising his position as Independent person** – 12 clauses

Part II - Professional misconduct in relation to members of the Institute in **service** – 2 clauses

Part III - **Professional misconduct** in relation to members of the Institute **generally** – 3 clauses

Part IV - **Other misconduct** in relation to members of the Institute **generally** – 2 clauses

Second Schedule - 3 Parts

Part I - Professional misconduct in relation to a member in **practice** - – 10 clauses

Part II - **Professional misconduct** in relation to members of the Institute **generally** - – 5 clauses

Part III - **Other misconduct** in relation to members of the Institute **generally** - – 1 clause.

We have 12+2+3+2+10+5+1=35 clauses to discuss

Part I of First Schedule

Member in Practice

Member in Practice

- Section 2(2) of the Act defines the term to be in Practice.
- Important to Note that A salaried Employee of the CA in Practice (Or Form of CA's in Practice) be deemed to be in Practice for Limited purpose of Training of Articled Assistant.

Pursuant to 2(2)(iv) the council has passed a Resolution permitting a CA in Practice to Perform Management Consultancy and Other Services in 32 areas listed under 2(22). These items are other than Statutory/Periodical Audit, Tax audit etc in direct and Indirect Taxes)

It is to be noted that offering to render the services is sufficient even though no client is being served.

COP from ICAI is mandatory requirement to Practice in India or Elsewhere

Schedule & Part	Clause	Misconduct
I – I	1	Allows any person to **Practice in his name** as a Chartered Accountant unless he/she is also a CA in Practice AND is in Partnership or Employed by him
	2	Pays or **allows or agrees to pay** any share, commission or brokerage in his fee or profits in professional business with any non-Member. However Regulation 53A and 53Bof CA Regulations 1988 lists members of professional bodies with whom fees can be shared.
	3	**Accepts fees from Non-Member** except from members of Professional bodies Under Regulation 53A and 53Bof CA Regulations 1988. Referral Fees can be in between members in Practice only
	4	**Enters into partnership with non-Member** except in cases where council has permitted multi disciplinary practice.
	5	**Secures professional business** through non-employee / non-partner / or **unlawful means**

Schedule & Part	Clause	Misconduct
I – I	6	**Solicits Clients or Professional work either directly or indirectly by Circular, advertisement, personal communication or interview or by any other means**
		• Except from another Chartered Accountant in Practice
		• Responding to Tenders or Enquiries issued by users of Professional Services and Organisations from time to time.
		Sending letters to Possible clients, Attractive announcement in Newspapers for change in address, telephone numbers etc, pressing for inclusion of name in Panels by government organisations, banks etc,
		Issue of Greeting cards, Invitations for marriages and religious ceremonies indicating professional attainments, except CA and Name of Firm, that too sent only to clients, relatives, friends.
		No sponsorship of Event by Firm of Chartered Accountants, except CPE seminars, which can be done only by Individual Member. Roving Enquiries with prospective clients, Public Interviews highlighting professional attainments.
		Videos, Podcasts, audios of Educational nature may be uploaded on Internet **without website address.** **However** designation CA, contact details viz address, phone number, email id as well as name of firm can be mentioned

Schedule & Part	Clause	Misconduct
I – I	7	**Advertises professional attainments, services, uses designation other than CA on Professional documents, Visiting cards, letterheads etc**
		• Date of setting up of practice cannot be given in any document of the Firm. • Sign Boards should be reasonable size. Use of glow signs or lights or large sized sign Boards is not permissible. • Cannot have firm's signboard outside Members house but can have Signboard with members name without any reference of Firm. • Cannot have signboards at any other place.
		• Designation Chartered Accountant to be used only in Professional Documents, Visiting cards Letter Heads etc. Can Prefix CA against his name
		• Use of Logo/Monogram of any kind/style/design on any display material is prohibited. However, CA logo issued by Institute in 2023 is permissible, subject to CA logo guidelines.

Schedule & Part	Clause	Misconduct
I – I	8	**Fails to communicate with outgoing auditor**
		• Not Intended to prevent or accept the change but the member may have the opportunity to know reasons for change/any reason why the audit should not be accepted. • Duty of the incoming Auditor to ensure that Communication seeking NOC has reached the retiring auditor. • Certificate of Posting is not enough • Regd Post Ack due, By hand against a written acknowledgement, Registered email address of Retiring auditor etc. UDIN ? • Required for every audit including Bank Branch audits, Tax audits, GST Audits, Concurrent, Internal audits • Previous auditor means immediately preceding auditor. • Duty of Incoming auditor to ensure that Undisputed Fees of auditor is paid before accepting the audit.
	9	Non – compliance of Section 225 of the Companies Act, 1956 (Section 139 and 141 of Companies Act, 2013)-Notices, Resolutions etc done correctly
	10	Charges fee based on percentage of Profit etc, Except for situations

Schedule & Part	Clause	Misconduct
I – I	11	**Engages in any other occupation** Can be a director in Company but cannot be a Managing or Wholetime Director of the company. (Cannot be a company in which he/his firm is an auditor). • No bar on becoming Promotor/Signatory to M&A of any company. • Acquire interest in Family Business as Proprietory Firm, Partnership Firm, Karta of HUF, only as Inheritance/Succession/Partition. This can be done only after providing declaration in specific format.
	12	Allows non – member / non – partner to sign any Balance Sheet, Profit & Loss account, report or Financial statements on his behalf or on behalf of firm. However, administrative areas such as Sending Audit queries, Letter forwarding draft Observations, Acknowledgement of records furnished, Issue of Invoices on behalf of Firm etc are not under purview of this clause.

Member in Service

Schedule & Part	Clause	Misconduct
I – II	1	**Shares his / her emoluments with others.** • Pays or allows or agree to share with anyone else emoluments of employment undertaken by him, directly or indirectly
	2	**Accepts commission or gratification from anyone engaged by the Company.** • Accepts or agrees to accept any part of fees, profits and gains from Lawyer, CA or any other person .

Members Generally

Schedule & Part	Clause	Professional Misconduct
I – III	1	Not being a Fellow of the Institute, acts as Fellow member of the Institute
	2	Does not supply information called for OR comply with requirements asked for Institute, Council or any Appropriate Authority of council.
	3	Providing Information while responding to tenders or inviting work from another CA or while advertising through a write up provides information knowing it to be false

Schedule & Part	Clause	Other Misconduct
I – II	1	If he is held guilty by any Civil or Criminal court for an Offence which is punishable with Imprisonment for term not exceeding Six months
	2	In the opinion of Council brings disrepute to the Profession or the Institute as a result of his action whether or not related to his professional work.

Part I of Second Schedule

Member in Practice

Schedule & Part	Clause	Misconduct
II - I	1	Discloses information acquired in course of his professional engagement to any other person without client's consent **OR** otherwise than as required by any law for time being in force. Nothing in this clause would bar previous accountant to inform such client affairs to new accountant.
	2	Certifies / submits report without examining the related records, either by him or by Partner or by his employee or any other CA in practice
	3	Permits to use name for vouching the accuracy of future contingent earnings, in a manner he vouches for the accuracy of the statement.
	4	Opines on Financial Statements of any business or enterprises in which **he, his firm, or Partner of Firm has substantial interest.** Applicable to all types of attest Functions by members. Members not to write Books of Accounts for Auditee clients, Statutory Auditor cannot be IA simultaneously and IA cannot be TA or GST Auditor.

Schedule & Part	Clause	Misconduct
II - I	5	Fails to disclose any material fact in Financial Statement
	6	Fails to report a known material misstatement appearing in Financial Statements.
	7	**Performs professional duties without due diligence / grossly negligent.** CA is expected to exercise reasonable degree of diligence in Professional assignment. To constitute a professional misconduct the test must always be whether in addition to the failure to do the duty, there has been a failure to act honestly and reasonably.
	8	**Fails to obtain sufficient information for expressing on opinion** CA should not express an opinion before obtaining the required data and information.
	9	Fails to invite attention of any material departure from the generally accepted procedure of audit- Audit of Listed Companies to be done by auditors completing Peer Review process.
	10	**Keeps client's money without opening separate bank account**

Members Generally

Schedule & Part	Clause	Professional Misconduct to members of Institute Generally
II - II	1	Contravenes any of provisions of this Act or regulations made thereunder or guidelines issued by Council
	2	Being an employee of Company, Firm or person, discloses confidential information acquired in the course of his employment except when required by law.
	3	Provides false information to the Institute and its different authorities Knowing them to be false
	4	Defalcates / embezzles money received in professional capacity
	5	Acts as an auditor of the company in contravention of the provisions of the Companies Act, 2013
II – III	1	Member of Institute whether in Practice or not shall be deemed to be guilty of other misconduct if he is held guilty by any civil or criminal court for an offence which is punishable with imprisonment for more than six months

Procedure in Inquiries

- On receipt of any information or complaint along with the prescribed fee, the Director (Discipline) will process the same for its registration and shall form a prima facie opinion on the alleged misconduct
- Review the complaint to check if
  - A prima Facie case Exists or not
  - issue already covered or substantially same issue
  - orders already passed or Pending by Boards or Committee
  - If any previous complaints exists

  and place before Committee along with its observations and findings

- In case of Defects in Application, Advice the Complainant to rectify the defects within stipulated time and then proceeds further.

- Fresh cases falling only in Second Schedule are Placed before **Board of Discipline**

- Fresh cases falling First Schedule are Placed before **Disciplinary Committee** or with Board of Discipline also.

Thank you for your patient listening

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Summary of clauses / items in the schedules

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First Schedule – 4 Parts

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PART I OF FIRST SCHEDULE

Member in Practice



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1. Section 2(2) of the Act defines the term “to be in practice”.

2. It is important to note that a salaried employee of a CA in practice (or of a firm of CAs in practice) is deemed to be in practice for the limited purpose of training of articled assistants.

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	3	**Accepts fees from a non-member** except from members of professional bodies under Regulations 53A and 53B of the CA Regulations, 1988. Referral fees are permissible only between members in practice.
	4	**Enters into partnership with a non-member** except in cases where the Council has permitted multidisciplinary practice.
	5	**Secures professional business** through non-employees / non-partners or by **unlawful means**

Schedule & Part	Clause	Misconduct
I – I	6	**Solicits clients or professional work, either directly or indirectly, by circular, advertisement, personal communication or interview, or by any other means**
		◆ Except from another Chartered Accountant in practice
		◆ Responding to tenders or enquiries issued by users of professional services and organisations from time to time.
		Sending letters to possible clients, attractive announcements in newspapers for change in address, telephone numbers etc., pressing for inclusion of name in panels by government organisations, banks etc.
		Issue of greeting cards and invitations for marriages and religious ceremonies indicating professional attainments, except CA and name of firm, that too sent only to clients, relatives and friends.
		No sponsorship of events by a firm of Chartered Accountants, except CPE seminars, which can be done only by an individual member. Roving enquiries with prospective clients, public interviews highlighting professional attainments.
		Videos, podcasts and audios of an educational nature may be uploaded on the internet **without website address.** **However,** designation CA, contact details viz. address, phone number, email ID as well as name of firm can be mentioned.

Schedule & Part	Clause	Misconduct
I – I	7	**Advertises professional attainments or services, or uses any designation other than CA on professional documents, visiting cards, letterheads etc.**
		◆Date of setting up of practice cannot be given in any document of the firm. ◆Signboards should be of reasonable size. Use of glow signs or lights or large-sized signboards is not permissible. ◆Cannot have the firm's signboard outside the member's house, but can have a signboard with the member's name without any reference to the firm. ◆Cannot have signboards at any other place.
		◆The designation Chartered Accountant is to be used only on professional documents, visiting cards, letterheads etc. Can prefix CA to his name.
		◆Use of a logo/monogram of any kind/style/design on any display material is prohibited. However, the CA logo issued by the Institute in 2023 is permissible, subject to the CA logo guidelines.

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	9	Non-compliance with Section 225 of the Companies Act, 1956 (Sections 139 and 141 of the Companies Act, 2013) – notices, resolutions etc. done correctly
	10	Charges fees based on a percentage of profits etc., except in situations stipulated in Regulation 192.

Schedule & Part	Clause	Misconduct
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	12	**Allows a non-member / non-partner to sign** any balance sheet, profit & loss account, report or financial statements on his behalf or on behalf of the firm. However, administrative areas such as sending audit queries, letters forwarding draft observations, acknowledgement of records furnished, issue of invoices on behalf of the firm etc. are not under the purview of this clause.

Member in Service



Schedule & Part	Clause	Misconduct
I – II	1	**Shares his/her emoluments with others.** ◆Pays or allows or agrees to share with anyone else the emoluments of employment undertaken by him, directly or indirectly
	2	**Accepts commission or gratification from anyone engaged by the company.** ◆Accepts or agrees to accept any part of fees, profits and gains from a lawyer, CA or any other person.

Members Generally



Schedule & Part	Clause	Professional Misconduct
I – III	1	Not being a Fellow of the Institute, acts as a Fellow member of the Institute
	2	Does not supply information called for, OR does not comply with requirements asked for by the Institute, Council or any appropriate authority of the Council.
	3	While responding to tenders, inviting work from another CA or advertising through a write-up, provides information knowing it to be false

Schedule & Part	Clause	Other Misconduct
I – II	1	If he is held guilty by any civil or criminal court for an offence which is punishable with imprisonment for a term not exceeding six months
	2	In the opinion of the Council, brings disrepute to the profession or the Institute as a result of his action, whether or not related to his professional work.

PART I OF SECOND SCHEDULE

Member in Practice



Schedule & Part	Clause	Misconduct
II – I	1	Discloses information acquired in the course of his professional engagement to any other person without the client's consent **OR** otherwise than as required by any law for the time being in force. Nothing in this clause would bar the previous accountant from sharing such client affairs with the new accountant.
	2	Certifies / submits a report without the related records being examined by him, his partner, his employee or any other CA in practice
	3	Permits his name to be used for vouching the accuracy of future contingent earnings, in a manner suggesting that he vouches for the accuracy of the statement.
	4	Opines on financial statements of any business or enterprise in which **he, his firm or a partner of the firm has a substantial interest.** Applicable to all types of attest functions by members. Members are not to write books of accounts for auditee clients; a statutory auditor cannot simultaneously be the IA, and an IA cannot be the TA or GST auditor.

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	8	**Fails to obtain sufficient information for expressing an opinion** A CA should not express an opinion before obtaining the required data and information.
	9	Fails to invite attention to any material departure from the generally accepted procedure of audit. Audit of listed companies is to be done by auditors who have completed the peer review process.
	10	**Keeps client's money without opening a separate bank account** Money received for expenses to be incurred, intended to be spent within a short time, need not be put in a separate bank account.

Members Generally



Schedule & Part	Clause	Professional Misconduct in relation to Members of the Institute Generally
II – II	1	Contravenes any of the provisions of this Act or the regulations made thereunder or any guidelines issued by the Council
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	3	Provides false information to the Institute and its different authorities, knowing it to be false
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Procedure in Inquiries

1. On receipt of any information or complaint along with the prescribed fee, the **Director (Discipline)** will process the same for its registration and shall form a **prima facie opinion** on the alleged misconduct.

2. **Review the complaint to check**

- whether a prima facie case exists or not
- whether the issue is already covered or is substantially the same issue
- whether orders have already been passed or are pending before Boards or Committees
- whether any previous complaints exist

*and place it before the **Committee** along with its observations and findings.*

3. In case of defects in the application, advise the complainant to rectify the defects within the stipulated time and then proceed further.

4. Fresh cases falling only under the Second Schedule are placed before the **Board of Discipline**.

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	2	In the opinion of the Council, brings disrepute to the profession or the Institute as a result of his action, whether or not related to his professional work.

PART I OF SECOND SCHEDULE

Member in Practice



Schedule & Part	Clause	Misconduct
II – I	1	Discloses information acquired in the course of his professional engagement to any other person without the client's consent **OR** otherwise than as required by any law for the time being in force. Nothing in this clause would bar the previous accountant from sharing such client affairs with the new accountant.
	2	Certifies / submits a report without the related records being examined by him, his partner, his employee or any other CA in practice
	3	Permits his name to be used for vouching the accuracy of future contingent earnings, in a manner suggesting that he vouches for the accuracy of the statement.
	4	Opines on financial statements of any business or enterprise in which **he, his firm or a partner of the firm has a substantial interest.** Applicable to all types of attest functions by members. Members are not to write books of accounts for auditee clients; a statutory auditor cannot simultaneously be the IA, and an IA cannot be the TA or GST auditor.

Schedule & Part	Clause	Misconduct
II – I	5	Fails to disclose any material fact in financial statements
	6	Fails to report a known material misstatement appearing in financial statements.
	7	**Performs professional duties without due diligence / is grossly negligent.** A CA is expected to exercise a reasonable degree of diligence in professional assignments. To constitute professional misconduct, the test must always be whether, in addition to the failure to do the duty, there has been a failure to act honestly and reasonably.
	8	**Fails to obtain sufficient information for expressing an opinion** A CA should not express an opinion before obtaining the required data and information.
	9	Fails to invite attention to any material departure from the generally accepted procedure of audit. Audit of listed companies is to be done by auditors who have completed the peer review process.
	10	**Keeps client's money without opening a separate bank account** Money received for expenses to be incurred, intended to be spent within a short time, need not be put in a separate bank account.

Members Generally



Schedule & Part	Clause	Professional Misconduct in relation to Members of the Institute Generally
II – II	1	Contravenes any of the provisions of this Act or the regulations made thereunder or any guidelines issued by the Council
	2	Being an employee of a company, firm or person, discloses confidential information acquired in the course of his employment, except when required by law.
	3	Provides false information to the Institute and its different authorities, knowing it to be false
	4	Defalcates / embezzles money received in his professional capacity
	5	Acts as an auditor of a company in contravention of the provisions of the Companies Act, 2013
II – III	1	A member of the Institute, whether in practice or not, shall be deemed to be guilty of other misconduct if he is held guilty by any civil or criminal court for an offence which is punishable with imprisonment for more than six months

Procedure in Inquiries

1. On receipt of any information or complaint along with the prescribed fee, the **Director (Discipline)** will process the same for its registration and shall form a **prima facie opinion** on the alleged misconduct.

2. **Review the complaint to check**

- whether a prima facie case exists or not
- whether the issue is already covered or is substantially the same issue
- whether orders have already been passed or are pending before Boards or Committees
- whether any previous complaints exist

*and place it before the **Committee** along with its observations and findings.*

3. In case of defects in the application, advise the complainant to rectify the defects within the stipulated time and then proceed further.

4. Fresh cases falling only under the Second Schedule are placed before the **Board of Discipline**.

5. Fresh cases falling under the First Schedule are placed before the **Disciplinary Committee** or with the Board of Discipline also.



Thank you for your patient listening

CA Satish Saraf & CA Pankaj Kumar Trivedi