

Know Your Ethics

*Ethical Issues in Question-Answer Form**



- Q. What is the distinction between the two schedules of The Chartered Accountants Act, 1949 ?**
- A. The two schedules are distinguished on the basis of gravity of misconduct and quantum of punishment for the misconduct, the second schedule pertaining to comparably more grave misconduct and higher punishment.
- Q. What is the procedure followed against a member for misconduct under disciplinary proceedings of the Institute?**
- A. Relevant steps of disciplinary mechanism of the Institute are shown in the flow-chart as given in Appendix -1 of The CA Act, 1949.
- Q. What will be the procedure where a member is guilty of charges both under the First Schedule and Second Schedule to the Act?**
- A. The procedure to be followed when a member is accused of misconduct under both schedules is the same which is followed for misconduct under the second schedule.
- Q. Can a member in practice render Management Consultancy and other services?**
- A. Yes, however, the areas covered under the Management Consultancy and other services have been summarised by the Council. Please refer to Appendix -3 of The CA Act, 1949.
- Q. Whether a member in practice is permitted to undertake the management of NRI funds?**
- A. No, the member is not permitted to undertake such assignment because the same is not covered under “Management Consultancy and Other Services” permitted to be rendered by the practicing members of the Institute. Please refer to Appendix -3 of The CA Act, 1949.
- Q. Can a Chartered Accountant provide ‘Portfolio Management Services’ (PMS) as part of CA practice?**
- A. No, the Explanation to Clause (xix) of the definition of ‘Management Consultancy and other Services’ as appearing in Appendix-3 expressly bars the activities of broking, underwriting and Portfolio Management.
- Q. Whether a Chartered Accountant in practice is required to obtain any trade license for practicing?**
- A. No, a Chartered Accountant in practice is not required to obtain any trade licence for practicing as a professional. From the stand point of ICAI, the certificate of practice is the only requirement to practice as a Chartered Accountant. It may, however, be noted that a Government / specified Authority may require additional requirement like registration , and the members may need to comply with such requirements. ■

* Contributed by the Ethical Standards Board of ICAI