रजिस्ट्री सं॰ डी॰ एल॰—(एन)04/0007/2003—22 REGISTERED NO. DL—(N)04/0007/2003—22

भारत का राजपत्र
The Gazette of India

सी.जी.-डी.एल.-अ.-18042022-235187
CG-DL-E-18042022-235187

असाधारण
EXTRAORDINARY
भाग II — खण्ड 1
PART II — Section 1
प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं॰ 12] नई दिल्ली, सोमवार, अप्रैल 18, 2022/ चैत्र 28, 1944 (शक)
No. 12] NEW DELHI, MONDAY, APRIL 18, 2022/CHAITRA 28, 1944 (SAKA)

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

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MINISTRY OF LAW AND JUSTICE
(Legislative Department)

New Delhi, the 18*th April,* 2022/*Chaitra* 28, 1944 (*Saka*)

The following Act of Parliament received the assent of the President on the 18th April, 2022 and is hereby published for general information:—

THE CHARTERED ACCOUNTANTS, THE COST AND WORKS ACCOUNTANTS AND THE COMPANY SECRETARIES (AMENDMENT) ACT, 2022

No. 12 OF 2022

[18*th April*, 2022.]

An Act further to amend the Chartered Accountants Act, 1949, the Cost and Works Accountants Act, 1959 and the Company Secretaries Act, 1980.

BE it enacted by Parliament in the Seventy-third Year of the Republic of India as follows:—

CHAPTER I
PRELIMINARY

Short title and commencement.

1. (*1*) This Act may be called the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act**,** 2022.

(*2*) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint, and different dates may be appointed for different provisions of this Act and any reference in any provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

CHAPTER II

AMENDMENTS TO THE CHARTERED ACCOUNTANTS ACT, 1949

Amendment of long title and preamble.

2. In the Chartered Accountants Act, 1949 (hereafter in this Chapter referred to as the principal Act), in the long title and preamble, for the word "regulation", the words "regulation and development" shall be substituted. 38 of 1949.

Amendment of section 2.

3. In section 2 of the principal Act, in sub-section (*1*),—

(*i*) after clause (*aaa*), the following clause shall be inserted, namely:—

'(*ab*) "Board of Discipline" means the Board of Discipline constituted under sub-section (*1*) of section 21A;';

(*ii*) after clause (*b*), the following clauses shall be inserted, namely:—

'(*ba*) "Coordination Committee" means the Coordination Committee constituted under section 9A;

(*bb*) "Companies Act" means the Companies Act, 2013 or any other previous company law as defined in sub-section (*67*) of section 2 of the said Act;'; 18 of 2013.

(*iii*) in clause (*c*), after the words "Council of the Institute", the words "constituted under section 9" shall be inserted;

(*iv*) after clause (*ca*), the following clauses shall be inserted, namely:—

'(*cb*) "Director (Discipline)" means the Director (Discipline) referred to in section 21 and includes Joint Director (Discipline);

(*cc*) "Disciplinary Committee" means the Disciplinary Committee constituted under sub-section (*1*) of section 21B;

(*cd*) "Disciplinary Directorate" means the Disciplinary Directorate established under sub-section (*1*) of section 21;

(*ce*) "fellow" means a fellow member of the Institute;';

(*v*) for clause (*ea*), the following clause shall be substituted, namely:—

'(*ea*) "notification" means a notification published in the Official Gazette and the term "notify" shall be construed accordingly;';

(*vi*) for clause (*g*), the following clause shall be substituted, namely:—

'(*g*) "Register" means the Register of members of the Institute maintained under section 19 or the Register of firms of the Institute maintained under section 20B, as the case may be;';

(*vii*) after clause (*haa*), the following clause shall be inserted, namely:—

'(*haaa*) "Standing Committee" means a Standing Committee constituted under sub-section (*1*) of section 17;'.

Amendment of section 4.

4. In section 4 of the principal Act,—

(*i*) for the word "Register", wherever it occurs, the words "Register of members" shall be substituted;

(*ii*) in sub-section (*1*), in clauses (*v*) and (*vi*), for the words "without India", wherever they occur, the words "outside India" shall be substituted;

(*iii*) in sub-section (*3*),—

(*a*) the words ", which shall not exceed rupees three thousand" shall be omitted;

(*b*) the proviso shall be omitted.

Amendment of section 5.

5. In section 5 of the principal Act,—

(*i*) for the word "Register", occurring at both the places, the words "Register of members" shall be substituted;

(*ii*) in sub-section (*3*),—

(*a*) the words "which shall not exceed rupees five thousand" shall be omitted;

(*b*) the proviso shall be omitted.

Amendment of section 6.

6. In section 6 of the principal Act, for sub-section (*2*), the following sub-section shall be substituted, namely:—

"(*2*) Every such member shall pay annual fee for the certificate as may be determined, by notification, by the Council, and such fee shall be payable on or before the 1st day of April each year.".

Amendment of section 8.

7. In section 8 of the principal Act,—

(*i*) for the word "Register", wherever it occurs, the words "Register of members" shall be substituted;

(*ii*) in clause (*iii*), after the words "undischarged insolvent", the words "or an undischarged bankrupt" shall be inserted;

(*iii*) after clause (*iii*), the following clause shall be inserted, namely:—

"(*iiia*) is declared bankrupt under the Insolvency and Bankruptcy Code, 2016; or";

31 of 2016.

(*iv*) in clause (*v*),—

(*a*) for the words "without India", the words "outside India" shall be substituted;

(*b*) the words "transportation or" shall be omitted.

Amendment of section 9.

8. In section 9 of the principal Act,—

(*i*) in sub-section (*2*),—

(*a*) for the word "Register", occurring at both the places, the words "Register of members" shall be substituted;

(*b*) for the words "three years", the words "four years" shall be substituted;

(*c*) for the words "six years", the words "eight years" shall be substituted;

(*ii*) in sub-section (*4*),—

(*a*) for the word "person", the words "member of the Institute or any partner of a firm" shall be substituted;

(*b*) for the words "three years", the words "four years" shall be substituted.

Insertion of new section 9A.

9. After section 9 of the principal Act, the following section shall be inserted, namely:—

Coordination Committee.

"9A. (*1*) There shall be a Coordination Committee consisting of the President, Vice-President and the Secretary of the Council of each of the Institutes of Chartered Accountants of India, the Cost Accountants of India and the Company Secretaries of India for the development and harmonisation of the professions of Chartered Accountants, Cost Accountants and Company Secretaries.

(*2*) The meeting of the Coordination Committee shall be chaired by the Secretary, Ministry of Corporate Affairs.

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(*3*) The meeting of the Coordination Committee shall be held once in every quarter of a year.

(*4*) The Committee shall be responsible for the effective coordination of the functions assigned to each Institute and shall—

(*i*) ensure quality improvement of the academics, infrastructure, research and all related works of the Institute;

(*ii*) focus on the coordination and collaboration among the professions, to make the profession more effective and robust;

(*iii*) align the cross-disciplinary regulatory mechanisms for inter professional development;

(*iv*) make recommendations in matters relating to regulatory policies for the professions;

(*v*) perform such other functions incidental to clauses (*i*) to (*iv*) above.".

Amendment of section 10.

10. Section 10 of the principal Act shall be renumbered as sub-section (*1*) thereof and,—

(*i*) in the first proviso to sub-section (*1*) as so renumbered, for the words "three consecutive terms", the words "two consecutive terms" shall be substituted;

(*ii*) after sub-section (*1*) as so renumbered and amended, the following sub-section shall be inserted, namely:—

"(*2*) Notwithstanding anything contained in sub-section (*1*), a member of the Council who immediately at the commencement of the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act**,** 2022, has held office as such member for two terms or is holding office for the second term of three years, shall be eligible to contest for one more term of four years and a member who has held office for one term or is holding office for the first term of three years, shall be eligible to contest for two more consecutive terms.".

Amendment of section 12.

11. In section 12 of the principal Act,—

(*i*) in sub-section (*1*), the proviso shall be omitted;

(*ii*) in sub-section (*2*), for the words "Chief Executive Authority", the word "Head" shall be substituted;

(*iii*) after sub-section (*2*), the following sub-sections shall be inserted, namely:—

"(*2A*) The President shall preside at the meetings of the Council.

(*2B*) The President and the Vice-President shall exercise such powers and perform such duties and functions as may be prescribed.

(*2C*) It shall be the duty of the President to ensure that the decisions taken by the Council are implemented.

(*2D*) If, for any reason a vacancy occurs in the office of the President, or if the President is absent or for any other reason, is unable to exercise the powers or perform the duties assigned to him, the Vice-President shall act in his place and exercise the powers and perform the duties of the President.".

Amendment of section 13.

12. In section 13 of the principal Act, in sub-section (*2*), for the word "Register", the words "Register of members" shall be substituted.

Amendment of section 14.

13. In section 14 of the principal Act, in sub-section (*1*), for the words "three years", the words "four years" shall be substituted.

Amendment of section 15.

14. In section 15 of the principal Act, in sub-section (*2*),—

(*i*) for clauses (*b*) and (*c*) the following clauses shall be substituted, namely:—

"(*b*) the prescribing of fees for the examination of candidates for enrolment;

(*c*) the granting or refusal, of registration of a firm;";

(*ii*) in clause (*d*), for the word "Register", the words "Register of members" shall be substituted;

(*iii*) for clause (*f*), the following clauses shall be substituted, namely:—

"(*f*) the prescribing of guidelines for grant or refusal of certificates of practice under this Act;

(*fa*) to issue guidelines for the purpose of carrying out the objects of this Act;";

(*iv*) clause (*g*) shall be omitted;

(*v*) in clause (*h*), the words "and collection" shall be omitted;

(*vi*) clause (*i*) shall be omitted;

(*vii*) for clause (*l*), the following clauses shall be substituted, namely:—

"(*l*) to conduct investor education and awareness programmes;

(*la*) to enter into any memorandum or arrangement with the prior approval of the Central Government, with any agency of a foreign country, for the purpose of performing its functions under this Act;".

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Insertion of new section 15B.

15. After section 15A of the principal Act, the following section shall be inserted, namely:—

Functions of Institute.

"15B. The functions of the Institute shall include—

(*a*) the examination of candidates for enrolment;

(*b*) the regulation of the engagement and training of articled and audit assistants;

(*c*) the maintenance and publication of a Register of persons qualified to practice as chartered accountants;

(*d*) the maintenance and publication of Register of firms;

(*e*) collection of fees from members, examinees and other persons;

(*f*) subject to the orders of the appropriate authorities under this Act, the removal of names from the Register of members and firms and the restoration of names to the Register of members and firms which have been removed;

(*g*) the maintenance of a library and publication of books and periodicals relating to accountancy and allied subjects;

(*h*) the conduct of elections to the Council of the Institute; and

(*i*) the granting or refusal of certificates of practice as per guidelines issued by the Council.".

Amendment of section 16.

16. In section 16 of the principal Act,—

(*i*) for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) For the efficient performance of its duties, the Council shall appoint—

(*a*) a Secretary who will carry out administrative functions of the Institute, as its Chief Executive Officer;

(*b*) a Director (Discipline) and Joint Directors (Discipline) not below the rank of Deputy Secretary of the Institute, to perform such functions as are assigned to them under this Act and the rules and regulations framed thereunder:

Provided that no appointment or re-appointment or termination of appointment of Director (Discipline) or Joint Director (Discipline) shall have effect unless such appointment, re-appointment or termination of appointment is made with the previous approval of the Central Government.";

(*ii*) in sub-section (*2*), for clause (*c*), the following clause shall be substituted, namely:—

"(*c*) prescribe the manner of appointment, powers, duties and functions of the Secretary and other officers and employees, their salaries, fees, allowances and other terms and conditions of service;".

Amendment of section 18.

17. In section 18 of the principal Act, for sub-section (*5*), the following sub-section shall be substituted, namely:—

"(*5*) The annual accounts of the Council shall be prepared in such manner as may be prescribed and subject to audit by a firm of chartered accountants to be appointed annually by the Council from the panel of auditors maintained by the Comptroller and Auditor-General of India:

Provided that a firm shall not be eligible for appointment as an auditor under this sub-section, if any of its partner is or has been a member of the Council during the last four years:

Provided further that in the event it is brought to the notice of the Council that the accounts of the Council do not represent a true and fair view of its finances, then, the Council may itself cause a special audit to be conducted:

Provided also that, if such information, that the accounts of the Council do not represent a true and fair view of its finances, is sent to the Council by the Central Government, then, the Council may, wherever appropriate cause a special audit or take such other action as it considers necessary and shall furnish an action taken report thereon to the Central Government.".

Amendment of section 19.

18. In section 19 of the principal Act,—

(*i*) for the word "Register", wherever it occurs, the words "Register of members" shall be substituted;

(*ii*) for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) The Council shall maintain a Register of members of the Institute in such manner as may be prescribed.";

(*iii*) in sub-section (*2*), after clause (*c*), the following clause shall be inserted, namely:—

"(*ca*) whether any actionable information or complaint is pending or any penalty has been imposed against him under Chapter V, including details thereof, if any;";

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(*iv*) in sub-section (*4*),—

(*a*) the words ", which shall not exceed rupees five thousand" shall be omitted;

(*b*) the proviso shall be omitted.

19. In section 20 of the principal Act,— Amendment of section 20.

(*i*) for the word "Register", wherever it occurs, the words "Register of members" shall be substituted;

(*ii*) in sub-section (*3*),—

(*a*) the words ", which shall not exceed rupees two thousand" shall be omitted;

(*b*) the proviso shall be omitted.

20. After Chapter IV of the principal Act, the following Chapter shall be inserted, namely:— Insertion of new Chapter IVA.

"CHAPTER IVA

REGISTRATION AND REGISTER OF FIRMS

20A**.** Every firm shall be registered with the Institute on an application made to the Council, by any partner or owner of a firm, in such manner and subject to such terms and conditions as may be prescribed: Registration of firms.

Provided that the Council may refuse to register a firm, if the name of such firm is identical or similar to the name of any other firm already registered or the name is in use by any firm within or outside India or in the opinion of the Council, registration of the firm is undesirable.

20B. (*1*) The Council shall maintain, in such manner as may be prescribed, a Register of firms. Register of firms.

(*2*) The Register of firms shall include such particulars about the firm, including details of pendency of any actionable information or complaint or imposition of penalty against it under Chapter V, in such form and at such intervals, as may be prescribed.

(*3*) The Council shall cause to be published in such manner as may be prescribed, a list of firms registered with the Institute as on the 1st day of April of each year or at any such interval as may be decided by the Council, and shall make available the list to such persons, in such form and on payment of such amount as may be prescribed.

20C. The Council shall remove from the Register of firms the name of any firm— Removal from Register of firms.

(*a*) which is dissolved or liquidated; or

(*b*) from which a request has been received to that effect; or

(*c*) is declared insolvent or bankrupt under the Insolvency and Bankruptcy Code, 2016 and remains undischarged; or 31 of 2016.

(*d*) which has been debarred from undertaking any activity or activities relating to the profession of a chartered accountant in practice under any law for the time being in force or by any competent court; or

(*e*) in respect of which an order for removal has been passed under this Act.

Review before Council.

20D. (*1*) Any firm aggrieved by the decision for refusal of registration may apply for review before the Council within one month from the date of such refusal.

(*2*) The Council may, after considering the review application, confirm or set aside the decision so taken or pass such orders as it may consider appropriate.".

Substitution of section 21.

21. For section 21 of the principal Act, the following section shall be substituted, namely:—

Disciplinary Directorate.

"21.(*1*) The Council shall, by notification, establish a Disciplinary Directorate consisting of a Director (Discipline), at least two Joint Directors (Discipline) not below the rank of Deputy Secretary of the Institute and such other employees appointed under section 16, for making investigations either *suo motu*, or on receipt of an information or a complaint, in such form, along with such fees as may be specified.

(*2*) Within thirty days of receipt of an information or a complaint, the Director (Discipline) shall decide in such manner as may be specified, whether a complaint or information is actionable or is liable to be closed as non-actionable:

Provided that the Director (Discipline) may call for additional information from the complainant or the informant, as the case may be, by giving fifteen days time before deciding whether the case is actionable or non-actionable:

Provided further that the recommendations of the Director (Discipline) on non-actionable complaints or information shall be submitted to the Board of Discipline within sixty days of its receipt and the Board of Discipline may, after looking into its merits refer such complaint or information to the Director (Discipline) for conducting further investigation.

(*3*) While making investigation into a case which is found to be actionable, the Director (Discipline) shall give an opportunity to the member or the firm, as the case may be, to submit a written statement within twenty-one days which may further be extended by another twenty-one days, for reasons to be recorded in writing.

(*4*) Upon receipt of the written statement under sub-section (*3*), if any, the Director (Discipline) shall send a copy thereof to the complainant or the informant, as the case may be, and the complainant or the informant shall, within twenty-one days of the receipt of such written statement, submit his rejoinder.

(*5*) Upon receipt of the written statement under sub-section (*3*) and rejoinder under sub-section (*4*), the Director (Discipline) shall submit a preliminary examination report within thirty days, if a *prima facie* case is made out against a member or a firm, as the case may be.

(*6*) In case a *prima facie* case is made out for any professional or other misconduct mentioned in the First Schedule, the Director (Discipline) shall submit the preliminary examination report to the Board of Discipline and where *prima facie* case is made out for any professional or other misconduct mentioned in the Second Schedule or in both the First Schedule and the Second Schedule, he shall submit a preliminary examination report to the Disciplinary Committee:

Provided that a complaint or information filed by any authorised officer of the Central Government or a State Government or any statutory authority duly supported by an investigation report or relevant extract of the investigation report along with supporting evidence, shall be treated as preliminary examination report:

Provided further that where no *prima facie* case is made out against the member or the firm, the Director (Discipline) shall submit such information or complaint with relevant documents to the Board of Discipline and the Board of Discipline may, if it agrees with the findings of the Director (Discipline), close the matter or in case of disagreement, itself proceed further or refer the matter to the Disciplinary Committee or advise the Director (Discipline) to further investigate the matter.

(*7*) For the purpose of investigation under this Act, the Disciplinary Directorate shall follow such procedure as may be specified.

(*8*) A complaint filed with the Disciplinary Directorate shall not be withdrawn under any circumstances.

(*9*) The status of actionable information and complaints pending before the Disciplinary Directorate, Boards of Discipline and Disciplinary Committees and the orders passed by the Boards of Discipline under section 21A and by the Disciplinary Committees under section 21B shall be made available in the public domain by the Disciplinary Directorate in such manner as may be prescribed.".

Substitution of section 21A.

22. For section 21A of the principal Act, the following section shall be substituted, namely:—

Board of Discipline.

"21A. (*1*) The Council shall, by notification, constitute one or more Boards of Discipline, each consisting of—

(*a*) a person, not being a member of the Institute, with experience in law and having knowledge of disciplinary matters and the profession, to be nominated by the Central Government as its Presiding Officer, from out of a panel of persons prepared and provided by the Council in such manner as may be prescribed;

(*b*) one member, who is a person of eminence having experience in the field of law, economics, business, finance or accountancy and not being a member of the Institute, to be nominated by the Central Government from out of a panel of persons prepared and provided by the Council in such manner as may be prescribed;

(*c*) one member to be nominated by the Council from out of a panel of members of the Institute to be prepared by the Council, in such manner as may be prescribed;

(*d*) an officer of the Institute not below the rank of a Deputy Secretary shall function as the Secretary of the Board of Discipline:

Provided that the Presiding Officer nominated under clause (*a*) and the member nominated under clause (*b*) may be the same for different Boards of Discipline constituted under this sub-section.

(*2*) The Board of Discipline shall, while considering the cases placed before it, follow such procedure including faceless proceedings and virtual hearings as may be specified.

(*3*) The Board of Discipline shall, on receipt of preliminary examination report from Director (Discipline), require the member or the firm, as the case may be, against whom such preliminary examination report has been filed, to submit a written statement within twenty-one days which may further be extended by another twenty-one days, in exceptional circumstances, for reasons to be recorded in writing.

(*4*) The Board of Discipline shall conclude its inquiry within ninety days of the receipt of preliminary examination report from the Director (Discipline).

(*5*) Upon inquiry, if the Board of Discipline finds that such member is guilty of a professional or other misconduct mentioned in the First Schedule, it may pass an order within thirty days of such finding, after providing an opportunity of being heard to the member, taking any one or more of the following actions, namely:—

(*a*) reprimand the member and record it in the Register of members;

(*b*) remove the name of the member or members from the Register of members up to a period of six months;

(*c*) impose such fine as it may think fit which may extend to two lakh rupees.

(*6*) Where on the basis of evidence brought on record or during the course of an inquiry pertaining to a member, the Board of Discipline is of the opinion that any such member who is a partner or owner of a firm, has been repeatedly found guilty of misconduct mentioned in the First Schedule during the last five years, the following action may also be taken against such firm, namely:—

(*a*) prohibit the firm from undertaking any activity or activities relating to the profession of a chartered accountant in practice for such period not exceeding one year; or

(*b*) impose such fine as it may think fit, which may extend to twenty-five lakh rupees.

(*7*) Where a member or a firm fails to pay the fine imposed under sub-section (*5*) or sub-section (*6*) within such time as may be specified, the Council shall remove the name of such member or firm from the Register of members or Register of firms, as the case may be, for such period as it may think fit.

(*8*) The Presiding Officer and members of the Board of Discipline shall be paid such allowances as may be prescribed.".

Substitution of section 21B.

23. For section 21B of the principal Act, the following section shall be substituted, namely:—

Disciplinary Committee.

"21B. (*1*) The Council shall, by notification, constitute one or more Disciplinary Committees, each consisting of—

(*a*) a person, not being a member of the Institute, with experience in law and having knowledge of disciplinary matters and the profession, to be nominated by the Central Government as its Presiding Officer, from out of a panel of persons prepared and provided by the Council in such manner as may be prescribed;

(*b*) two members, who are persons of eminence having experience in the field of law, economics, business, finance or accountancy and not being a member of the Institute, to be nominated by the Central Government from out of a panel of persons prepared and provided by the Council in such manner as may be prescribed;

(*c*) two members to be nominated by the Council from out of a panel of members of the Institute to be prepared by the Council in such manner as may be prescribed:

Provided that the Presiding Officer nominated under clause (*a*) and the members nominated under clause (*b*) may be the same for different Disciplinary Committees constituted under this sub-section.

(*2*) The Disciplinary Committee shall, while considering the cases placed before it, follow such procedure including faceless proceedings and virtual hearings as may be specified.

(*3*) The Disciplinary Committee shall, on receipt of preliminary examination report from Director (Discipline), require the member or the firm, as the case may be, against whom such preliminary examination report has been filed, to submit a written statement within twenty-one days, which may further be extended by another twenty-one days in exceptional circumstances, for reasons to be recorded in writing.

(*4*) The Disciplinary Committee shall conclude its inquiry within one hundred and eighty days of receipt of the preliminary examination report from the Director (Discipline).

(*5*) Upon inquiry, if the Disciplinary Committee finds that a member is guilty of a professional or other misconduct mentioned in the Second Schedule or in both the First Schedule and the Second Schedule, it may pass an order within thirty days of such a finding, after providing an opportunity of being heard to the member, taking any one or more of the following actions, namely:—

(*a*) reprimand the member and record it in the Register of members; or

(*b*) remove the name of the member from the Register of members permanently or for such period, as it may think fit; or

(*c*) impose such fine as it may think fit, which may extend to ten lakh rupees.

(*6*) Where on the basis of evidence brought on record or during the course of an inquiry pertaining to a member, the Disciplinary Committee is of the opinion that any such member, who is a partner or owner of a firm has been repeatedly found guilty of misconduct mentioned in the Second Schedule or in both the First Schedule and the Second Schedule, during the last five years, the following actions may also be taken against such firm, namely:—

(*a*) prohibit the firm from undertaking any activity or activities relating to the profession of a chartered accountant in practice for such period not exceeding two years; or

(*b*) suspend or cancel the registration of the firm and remove its name from the Register of firms permanently or for such period as it may think fit; or

(*c*) impose such fine as it may think fit, which may extend to fifty lakh rupees.

(*7*) Where a member or a firm fails to pay the fine imposed under sub-section (*5*) or sub-section (*6*) within the specified time, the Council shall remove the name of such member or firm from the Register of members or Register of firms, as the case may be, for such period, as it may think fit.

(*8*) The Presiding Officer and members of the Disciplinary Committee shall be paid such allowances as may be prescribed.".

Amendment of section 21C.

24. In section 21C of the principal Act, the *Explanation* shall be omitted.

Substitution of section 21D.

25. For section 21D of the principal Act, the following section shall be substituted, namely:—

Transitional provisions.

"21D. All complaints or any inquiry pending before the Board of Discipline or the Disciplinary Committee or any reference or appeal filed before the Appellate Authority or before a High Court prior to the commencement of the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2022, shall continue to be governed by the provisions of this Act, as if this Act had not been amended by the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2022.".

Substitution of section 22.

26. For section 22 of the principal Act, the following section shall be substituted, namely:—

Professional or other misconduct defined.

'22. For the purposes of this Act, the expression "professional or other misconduct" shall be deemed to include any act or omission, on the part of any member of the Institute either in his individual capacity or as partner or owner of a firm, as mentioned 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 such member or firm, under any other circumstances.'.

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Amendment of section 22G.

27. In section 22G of the principal Act,—

(*i*) in sub-section (*1*),—

(*a*) after the words "Any member of the Institute", the words "or a firm" shall be inserted;

(*b*) for the words "imposing on him", the words "imposing on such member or firm" shall be substituted;

(*c*) for the words, brackets, figures and letters "sub-section (*3*) of section 21A and sub-section (*3*) of section 21B, may", the words, brackets, figures and letters "sub-section (*5*) or sub-section (*6*) of section 21A or sub-section (*5*) or sub-section (*6*) of section 21B, as the case may be, may" shall be substituted;

(*d*) for the words "communicated to him", the words "communicated to such member or firm" shall be substituted;

(*ii*) in sub-section (*2*), for the words, brackets, figures and letters "sub-section (*3*) of section 21A and sub-section (*3*) of section 21B", the words, brackets, figures and letters "sub-section (*5*) or sub-section (*6*) of section 21A or sub-section (*5*) or sub-section (*6*) of section 21B," shall be substituted;

(*iii*) after sub-section (*2*), the following sub-section and *Explanations* shall be inserted, namely:—

'(*3*) No order or act or proceeding of the Authority shall be called in question in any manner, on the ground merely of any defect in the constitution of, or a casual vacancy or absence of one or two members, of the Authority.

Explanation 1.—For the purposes of this Chapter,—

(*A*) "member of the Institute" includes a person who was a member of the Institute on the date of the alleged misconduct although he has ceased to be a member of the Institute at the time of the inquiry;

(*B*) a "firm" registered with the Institute shall also be held liable for misconduct of a member who was its partner or owner on the date of the alleged misconduct, although he has ceased to be such partner or owner, at the time of the inquiry.

Explanation 2.—No action taken under the provisions of this Chapter shall bar a Central Government Department or a State Government or any statutory authority or regulatory body to take action against a member or a firm registered with the Institute under any other law for the time being in force.'.

Amendment of section 24.

28. In section 24 of the principal Act,—

(*a*) for the words "one thousand rupees", the words "one lakh rupees" shall be substituted;

(*b*) for the words "five thousand rupees", the words "five lakh rupees" shall be substituted.

Amendment of section 24A.

29. In section 24A of the principal Act, in sub-section (*2*),—

(*i*) for the words "be punishable with fine which may extend on first conviction to one thousand rupees", the words "be punishable with imprisonment which may extend to six months, or with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees, or with both on first conviction" shall be substituted;

(*ii*) for the words "six months, or with fine which may extend to five thousand rupees", the words "one year, or with fine which shall not be less than two lakh rupees but which may extend to ten lakh rupees" shall be substituted.

30. In section 25 of the principal Act, in sub-section (*2*),— Amendment of section 25.

(*a*) after the words "punishable with fine", the words "which shall not be less than two lakh rupees but" shall be inserted;

(*b*) for the words "one thousand rupees", the words "ten lakh rupees" shall be substituted;

(*c*) for the words "to five thousand rupees", the words "with fine which shall not be less than four lakh rupees but which may extend to twenty lakh rupees" shall be substituted.

31. In section 26 of the principal Act, in sub-section (*2*),— Amendment of section 26.

(*a*) for the words "five thousand rupees", the words "one lakh rupees" shall be substituted;

(*b*) for the words "one lakh rupees", the words "five lakh rupees" shall be substituted;

(*c*) for the words "ten thousand rupees", the words "two lakh rupees" shall be substituted;

(*d*) for the words "two lakh rupees", the words "ten lakh rupees" shall be substituted.

32. In section 28B of the principal Act, after clause (*c*), the following clause shall be inserted, namely:— Amendment of section 28B.

"(*d*) to forward cases of non-compliance with various statutory and regulatory requirements by the members of the Institute or firms, noticed by it during the course of its reviews, to the Disciplinary Directorate for its examination.".

33. In section 29 of the principal Act, in sub-section (*2*), for the word "Register", the words "Register of members" shall be substituted. Amendment of section 29.

34. In section 29A of the principal Act, in sub-section (*2*),— Amendment of section 29A.

(*i*) for clauses (*c*) and (*d*), the following clauses shall be substituted, namely:—

"(*c*) the form and fee for filing an information or a complaint under sub-section (*1*), the manner of deciding a complaint or information as actionable or non-actionable under sub-section (*2*) and the procedure of investigation under sub-section (*7*), of section 21;

(*d*) the procedure while considering the cases by the Board of Discipline under sub-section (*2*) and time limit for payment of fine under sub-section (*7*), of section 21A;

(*da*) the procedure while considering the cases by the Disciplinary Committee under sub-section (*2*) and time limit for payment of fine under sub-section (*7*), of section 21B;".

35. In section 30 of the principal Act, in sub-section (*2*),— Amendment of section 30.

(*i*) in clauses (*b*), (*e*) and (*h*), for the word "Register", wherever it occurs, the words "Register of members" shall be substituted;

(*ii*) clause (*g*) and clause (*i*) shall be omitted;

(*iii*) for clause (*r*), the following clauses shall be substituted, namely:—

"(*r*) the qualification required for the purposes of sub-section (*3*) of section 5;

(*ra*) the circumstances under which certificates of practice may be cancelled under sub-section (*3*) of section 6;

(*rb*) the guidelines for granting or refusal of certificates of practice under clause (*f*) of sub-section (*2*) of section 15;

(*rc*) the manner of appointment, powers, duties, functions, salaries, fees, allowances and other terms and conditions of service of the Secretary and other officers and employees of the Council under clause (*c*) of sub-section (*2*) of section 16;

(*rd*) the manner of preparing annual financial statement under sub-section (*4*) and the annual accounts under sub-section (*5*), of section 18;

(*re*) the manner of maintaining a Register of members of the Institute under sub-section (*1*) and the manner in which the annual list of members registered with the Institute shall be published under sub-section (*3*), of section 19;

(*rf*) the manner of making an application for grant of registration of a firm and the terms and conditions of such registration under section 20A;

(*rg*) the manner of maintenance of Register of firms, and other particulars including details of pendency of any actionable information or complaint or imposition of penalty against the firm under sub-section (*1*) and sub-section (*2*) and the manner in which the annual list of firms registered with the Institute shall be published under sub-section (*3*), of section 20B;

(*rh*) the manner of making available status of actionable information and complaints and orders passed under sub-section (*9*) of section 21;

(*ri*) the manner of preparing panel of persons under clauses (*a*), (*b*) and (*c*) of sub-section (*1*) and the allowances payable to the Presiding Officers and members of the Boards of Discipline under sub-section (*8*), of section 21A;

(*rj*) the manner of preparing panel of persons under clauses (*a*), (*b*) and (*c*) of sub-section (*1*) and the allowances payable to the Presiding Officers and members of the Disciplinary Committees under sub-section (*8*), of section 21B;

(*rk*) the salaries and allowances and conditions of service of officers and other staff of Authority under sub-section (*2*) of section 22E;

(*rl*) the manner in which Regional Council may be constituted under sub-section (*2*) of section 23 and the functions thereof; and".

Amendment of First Schedule.

36. In the First Schedule to the principal Act,—

(*i*) in the heading, for the figures, brackets and letter "21(*3*), 21A(*3*)", the figures, brackets and letters "21(*6*), 21A(*5*) and (*6*), 21B(*5*) and (*6*)" shall be substituted;

(*ii*) in Part I, in item (9), after the words and figures "Companies Act, 1956", the words and figures "or sections 139 to 141 of the Companies Act, 2013 or any other law pertaining to appointment of auditors for the time being in force" shall be inserted. 1 of 1956. 18 of 2013.

Amendment of Second Schedule.

37. In the Second Schedule to the principal Act,—

(*i*) in the heading, for the figures, brackets and letter "21(*3*), 21B(*3*)", the figures, brackets and letter "21(*6*), 21B(*5*) and (*6*)" shall be substituted;

(*ii*) in Part I, in item (3), for the words "belief that he", the words "belief that he or his firm" shall be substituted;

(*iii*) in Part II, after item (4), the following item shall be inserted, namely:—

"(*5*) acts as an auditor of the company in contravention of the provisions of the Companies Act, 2013.". 18 of 2013.

CHAPTER III

AMENDMENTS TO THE COST AND WORKS ACCOUNTANTS ACT, 1959

Amendment of long title.

38. In the Cost and Works Accountants Act, 1959 (hereafter in this Chapter referred to as the principal Act), in the long title, for the words "regulation of the profession of cost and works accountants", the words "regulation and development of the profession of cost accountants" shall be substituted. 23 of 1959.

Amendment of section 1.

39. In section 1 of the principal Act, in sub-section (*1*), for the words "Cost and Works Accountants", the words "Cost Accountants" shall be substituted.

Amendment of section 2.

40. In section 2 of the principal Act, in sub-section (*1*),—

(*i*) after clause (*aaa*), the following clauses shall be inserted, namely:—

'(*ab*) "Board of Discipline" means the Board of Discipline constituted under sub-section (*1*) of section 21A;

18 of 2013.

(*ac*) "Companies Act" means the Companies Act, 2013 or any other previous company law as defined in sub-section (*67*) of section 2 of the said Act;';

(*ii*) in clause (*c*), after the words "Council of the Institute", the words "constituted under section 9" shall be inserted;

(*iii*) after clause (*c*), the following clauses shall be inserted, namely:—

'(*ca*) "Director (Discipline)" means the Director (Discipline) referred to in section 21 and includes Joint Director (Discipline);

(*cb*) "Disciplinary Committee" means the Disciplinary Committee constituted under sub-section (*1*) of section 21B;

(*cc*) "Disciplinary Directorate" means the Disciplinary Directorate established under sub-section (*1*) of section 21;';

(*iv*) in clause (*d*), the figures "1956" shall be omitted;

(*v*) for clause (*e*), the following clause shall be subsituted, namely:—

'(*e*) "fellow" means a fellow member of the Institute;';

(*vi*) for clause (*fa*), the following clause shall be substituted, namely:—

'(*fa*) "notification" means a notification published in the Official Gazette and the term "notify" shall be construed accordingly;';

(*vii*) for clause (*i*), the following clause shall be substituted, namely:—

'(*i*) "Register" means the Register of members of the Institute maintained under section 19 or Register of firms of the Institute maintained under section 20B, as the case may be;';

(*viii*) after clause (*iaa*), the following clause shall be inserted, namely:—

'(*iaaa*) "Standing Committee" means a Standing Committee constituted under sub-section (*1*) of section 17;'.

Amendment of heading of Chapter II.

41. In Chapter II of the principal Act, in the heading, the words "AND WORKS" shall be omitted.

Amendment of section 4.

42. In section 4 of the principal Act,—

(*i*) for the word "Register", wherever it occurs, the words "Register of members" shall be substituted;

(*ii*) in sub-section (*1*), in clauses (*iv*) and (*v*), for the words "without India", wherever they occur, the words "outside India" shall be substituted;

(*iii*) in sub-section (*3*),—

(*a*) the words ", which shall not exceed rupees three thousand" shall be omitted;

(*b*) the proviso shall be omitted.

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Amendment of section 5.

43. In section 5 of the principal Act,——

(*i*) for the word "Register", wherever it occurs, the words "Register of members" shall be substituted;

(*ii*) in sub-section (*4*), the words "which shall not exceed rupees five thousand," shall be omitted;

(*iii*) the proviso shall be omitted.

Amendment of section 6.

44. In section 6 of the principal Act, in sub-section (*2*),—

(*i*) the words "which shall not exceed rupees three thousand" shall be omitted;

(*ii*) the first proviso shall be omitted;

(*iii*) in the second proviso, for the words "Provided further that", the words "Provided that" shall be substituted.

Amendment of section 8.

45. In section 8 of the principal Act,—

(*i*) for the word "Register", wherever it occurs, the words "Register of members" shall be substituted;

(*ii*) in clause (*iii*), after the words "undischarged insolvent", the words "or undischarged bankrupt**"** shall be inserted;

(*iii*) after clause (*iii*), the following clause shall be inserted, namely:—

"(*iiia*) is declared bankrupt under the Insolvency and Bankruptcy Code, 2016;"; 31 of 2016.

(*iv*) in clause (*v*), for the words "without India", the words "outside India" shall be substituted.

Amendment of section 9.

46. In section 9 of the principal Act,—

(*i*) in sub-section (*2*),—

(*a*) for the word ''Register'', occurring at both the places**,** the words "Register of members" shall be substituted;

(*b*) for the words "three years", the words "four years" shall be substituted;

(*c*) for the words "six years", the words "eight years" shall be substituted;

(*ii*) in sub-section (*4*),—

(*a*) for the word "person", the words "member of the Institute or any partner of a firm" shall be substituted;

(*b*) for the words "three years", the words "four years" shall be substituted.

Amendment of section 12.

47. In section 12 of the principal Act,—

(*i*) in sub-section (*1*), the proviso shall be omitted;

(*ii*) after sub-section (*2*), the following sub-sections shall be inserted, namely:—

"(*2A*) The President shall preside at the meetings of the Council.

(*2B*) The President and the Vice-President shall exercise such powers and perform such duties and functions as may be prescribed.

(*2C*) It shall be the duty of the President to ensure that the decisions taken by the Council are implemented.

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(*2D*) If, for any reason a vacancy occurs in the office of the President, or if the President is absent or for any other reason, is unable to exercise the powers or perform the duties assigned to him, the Vice-President shall act in his place and exercise the powers and perform the duties of the President.".

Amendment of section 13.

48. In section 13 of the principal Act, in sub-section (*2*), for the word "Register", the words "Register of members" shall be substituted.

Amendment of section 15.

49. In section 15 of the principal Act, in sub-section (*2*),—

(*i*) in clause (*c*), for the word "Register", the words "Register of members" shall be substituted;

(*ii*) after clause (*e*), the following clause shall be inserted, namely:—

"(*ea*) the granting or refusal, of registration of a firm;";

(*iii*) after clause (*j*), the following clauses shall be inserted, namely:—

"(*ja*) to issue guidelines for the purpose of carrying out the objects of this Act;

(*jb*) to conduct investor education and awareness programmes;

(*jc*) to enter into any memorandum or arrangement with the prior approval of the Central Government, with any agency of any foreign country, for the purpose of performing its functions under this Act;";

(*iv*) in clause (*k*), for the words ", action taken thereon with a report to the Central Government within a period of three months, and their inclusion in the annual report", the words "and the details of action taken thereon in its annual report" shall be substituted.

Amendment of section 15A.

50. In section 15A of the principal Act,—

(*i*) after clause (*c*), the following clause shall be inserted, namely:—

"(*ca*) the maintenance and publication of a Register of firms;";

(*ii*) in clause (*e*), for the words "Register and the restoration to the Register of names", the words "Register of members and firms and the restoration of names to the Register of members and firms" shall be substituted.

Amendment of section 16.

51. In section 16 of the principal Act,—

(*i*) for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) For the efficient performance of its duties, the Council shall, appoint—

(*a*) a Secretary, who will carry out the administrative functions of the Institute as its Chief Executive Officer;

(*b*) a Director (Discipline) and Joint Directors (Discipline) not below the rank of Deputy Secretary of the Institute, to perform such functions as are assigned to them under this Act and the rules and regulations framed thereunder:

Provided that no appointment or re-appointment or termination of appointment of Director (Discipline) or Joint Director (Discipline) shall have effect unless such appointment, re-appointment or termination of appointment is made with the previous approval of the Central Government.'';

(*ii*) in sub-section (*2*), for clause (*c*), the following clause shall be substituted, namely:—

"(*c*) prescribe the manner of appointment, powers, duties and functions of the Secretary and other officers and employees, their salaries, fees, allowances and other terms and conditions of service;".

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Amendment of section 18.

52. In section 18 of the principal Act, for sub-section (*5*), the following sub-section shall be substituted, namely:—

"(*5*) The annual accounts of the Council shall be prepared in such manner as may be prescribed and subject to audit by a firm of chartered accountants to be appointed annually by the Council from the panel of auditors maintained by the Comptroller and Auditor-General of India:

Provided that a firm shall not be eligible for appointment as an auditor under this sub-section, if any of its partner is or has been a member of the Council during the last four years:

Provided further that in the event it is brought to the notice of the Council that the accounts of the Council do not represent a true and fair view of its finances, then, the Council may itself cause a special audit to be conducted:

Provided also that, if such information, that the accounts of the Council do not represent a true and fair view of its finances, is sent to the Council by the Central Government, then, the Council may, wherever appropriate cause a special audit or take such other action as it considers necessary and shall furnish an action taken report thereon to the Central Government.".

Amendment of section 19.

53. In section 19 of the principal Act,—

(*i*) for the word "Register", wherever it occurs, the words "Register of members" shall be substituted;

(*ii*) for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) The Council shall maintain a Register of members of the Institute in such manner as may be prescribed.";

(*iii*) in sub-section (*2*), after clause (*c*), the following clause shall be inserted, namely:—

"(*ca*) whether any actionable information or complaint is pending or any penalty has been imposed against him under Chapter V, including details thereof, if any;";

(*iv*) in sub-section (*4*),—

(*a*) the words ", which shall not exceed rupees five thousand" shall be omitted;

(*b*) the proviso shall be omitted.

Amendment of section 20.

54. In section 20 of the principal Act,—

(*i*) for the word "Register", wherever it occurs, the words "Register of members" shall be substituted;

(*ii*) in sub-section (*3*),—

(*a*) the words "which shall not exceed rupees two thousand" shall be omitted;

(*b*) the proviso shall be omitted.

Insertion of new Chapter IVA.

55. After Chapter IV of the principal Act, the following Chapter shall be inserted, namely:—

"CHAPTER IVA

REGISTRATION AND REGISTER OF FIRMS

Registration of firms.

20A**.** (*1*) Every firm shall be registered with the Institute on an application made to the Council, by any partner or owner of a firm, in such manner and subject to such terms and conditions as may be prescribed:

Provided that the Council may refuse to register a firm, if the name of such firm is identical or similar to the name of any other firm already registered or the name is in use

by any firm within or outside India or in the opinion of the Council, registration of the firm is undesirable.

Register of firms.

20B. (*1*) The Council shall maintain, in such manner as may be prescribed, a Register of firms.

(*2*) The Register of firms shall include such particulars about the firm, including details of pendency of any actionable information or complaint or imposition of any penalty against it under Chapter V, in such form and at such intervals, as may be prescribed.

(*3*) The Council shall cause to be published in such manner as may be prescribed, a list of firms registered with the Institute as on the 1st day of April of each year or at any such interval as may be decided by the Council, and shall make available the list to such persons, in such form and on payment of such amount as may be prescribed.

Removal from Register of firms.

20C. (*1*) The Council shall remove from the Register of firms the name of any firm—

(*a*) which is dissolved or liquidated; or

(*b*) from which a request has been received to that effect; or

(*c*) is declared insolvent or bankrupt under the Insolvency and Bankruptcy Code, 2016 and remains undischarged; or

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(*d*) which has been debarred from undertaking any activity or activities relating to the profession of a cost accountant in practice under any law for the time being in force or by any competent court; or

(*e*) in respect of which an order for removal has been passed under this Act.

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Review before Council.

20D. (*1*) Any firm aggrieved by the decision for refusal of registration may apply for review before the Council within one month from the date of such refusal.

(*2*) The Council may, after considering the review application, confirm or set aside the decision so taken or pass such order as it may consider appropriate.".

Substitution of section 21.

56. For section 21 of the principal Act, the following section shall be substituted, namely:—

Disciplinary Directorate.

"21. (*1*) The Council shall, by notification, establish a Disciplinary Directorate consisting of a Director (Discipline), at least two Joint Directors (Discipline) not below the rank of Deputy Secretary of the Institute and such other employees appointed under section 16, for making investigations either *suo motu*, or on receipt of an information or a complaint, in such manner, along with such fees as may be specified.

(*2*) Within thirty days of receipt of an information or a complaint, the Director (Discipline) shall decide in such manner as may be specified, whether a complaint or information is actionable or is liable to be closed as non-actionable:

Provided that the Director (Discipline) may call for additional information from the complainant or the informant, as the case may be, by giving fifteen days time before deciding whether the case is actionable or non-actionable:

Provided further that the recommendations of the Director (Discipline) on non-actionable complaint or information shall be submitted to the Board of Discipline within sixty days of its receipt, and the Board of Discipline may, after looking into its merits refer such complaint or information to the Director (Discipline) for conducting further investigation.

(*3*) While making investigation into a case which is found to be actionable, the Director (Discipline) shall give an opportunity to the member or the firm, as the case may be, to submit a written statement within twenty-one days which may further be extended by another twenty-one days, for reasons to be recorded in writing.

(*4*) Upon receipt of the written statement under sub-section (*3*), if any, the Director (Discipline) shall send a copy thereof to the complainant or the informant, as the case may be, and the complainant or the informant shall, within twenty-one days of the receipt of such written statement, submit his rejoinder.

(*5*) Upon receipt of the written statement under sub-section (*3*) and rejoinder under sub-section (*4*), the Director (Discipline) shall submit a preliminary examination report within thirty days, if a *prima facie* case is made out against a member or a firm, as the case may be.

(*6*) In case a *prima facie* case is made out for any professional or other misconduct mentioned in the First Schedule, the Director (Discipline) shall submit the preliminary examination report to the Board of Discipline and where *prima facie* case is made out for any professional or other misconduct mentioned in the Second Schedule or in both the First Schedule and the Second Schedule, he shall submit a preliminary examination report to the Disciplinary Committee:

Provided that a complaint or information filed by any authorised officer of the Central Government or a State Government or any statutory authority duly supported by an investigation report or relevant extract of the investigation report along with supporting evidence, shall be treated as preliminary examination report:

Provided further that where no *prima facie* case is made out against the member or the firm, the Director (Discipline) shall submit such information or complaint with relevant documents to the Board of Discipline and the Board of Discipline may, if it agrees with the findings of the Director (Discipline), close the matter or in case of disagreement, itself proceed further or refer the matter to the Disciplinary Committee or advise the Director (Discipline) to further investigate the matter.

(*7*) For the purpose of investigation under this Act, the Disciplinary Directorate shall follow such procedure as may be specified.

(*8*) A complaint filed with the Disciplinary Directorate shall not be withdrawn under any circumstances.

(*9*) The status of actionable information and complaints pending before the Disciplinary Directorate, Boards of Discipline and Disciplinary Committees and the orders passed by the Boards of Discipline under section 21A and by the Disciplinary Committees under section 21B shall be made available in the public domain by the Disciplinary Directorate in such manner as may be prescribed.".

Substitution of section 21A.

57. For section 21A of the principal Act, the following section shall be substituted, namely:—

Board of Discipline.

"21A. (*1*) The Council shall, by notification, constitute one or more Boards of Discipline, each consisting of—

(*a*) a person, not being a member of the Institute, with experience in law and having knowledge of disciplinary matters and the profession, to be nominated by the Central Government as its Presiding Officer, from out of a panel of persons prepared and provided by the Council in such manner as may be prescribed;

(*b*) one member, who is a person of eminence having experience in the field of law, economics, business, finance or accountancy and not being a member of the Institute, to be nominated by the Central Government from out of a panel of persons prepared and provided by the Council in such manner as may be prescribed;

(*c*) one member to be nominated by the Council from out of a panel of members of the Institute to be prepared by the Council, in such manner as may be prescribed;

(*d*) an officer of the Institute not below the rank of a Deputy Secretary shall function as the Secretary of the Board of Discipline:

Provided that the Presiding Officer nominated under clause (*a*) and the member nominated under clause (*b*) may be the same for different Boards of Discipline constituted under this sub-section.

(*2*) The Board of Discipline shall, while considering the cases placed before it, follow such procedure including faceless proceedings and virtual hearings as may be specified.

(*3*) The Board of Discipline shall, on receipt of preliminary examination report from Director (Discipline), require the member or the firm, as the case may be, against whom such preliminary examination report has been filed, to submit a written statement within twenty-one days which may further be extended by another twenty-one days, in exceptional circumstances, for reasons to be recorded in writing**.**

(*4*) The Board of Discipline shall conclude its inquiry within ninety days of the receipt of preliminary examination report from the Director (Discipline).

(*5*) Upon inquiry, if the Board of Discipline finds that such member is guilty of a professional or other misconduct mentioned in the First Schedule, it may pass an order within thirty days of such finding, after providing an opportunity of being heard to the member, taking any one or more of the following actions, namely:—

(*a*) reprimand the member and record it in the Register of members;

(*b*) remove the name of the member or members from the Register of members, up to a period of six months;

(*c*) impose such fine as it may think fit which may extend to two lakh rupees.

(*6*) Where on the basis of evidence brought on record or during the course of an inquiry pertaining to a member, the Board of Discipline is of the opinion that any such member who is a partner or owner of a firm, has been repeatedly found guilty of misconduct mentioned in the First Schedule during the last five years, the following action may also be taken against such firm, namely:—

(*a*) prohibit the firm from undertaking any activity or activities relating to the profession of a cost accountant in practice for such period not exceeding one year; or

(*b*) impose such fine as it may think fit, which may extend to twenty-five lakh rupees.

(*7*) Where a member or a firm fails to pay the fine imposed under sub-section (*5*) or sub-section (*6*) within such time as may be specified, the Council shall remove the name of such member or firm from the Register of members or Register of firms, as the case may be, for such period as it may think fit.

(*8*) The Presiding Officer and members of the Board of Discipline shall be paid such allowances, as may be prescribed.".

Substitution of section 21B.

58. For section 21B of the principal Act, the following section shall be substituted, namely:—

Disciplinary Committee.

"21B. (*1*) The Council shall, by notification, constitute one or more Disciplinary Committees, each consisting of—

(*a*) a person, not being a member of the Institute, with experience in the field of law, and having knowledge of disciplinary matters and the profession, to be nominated by the Central Government as its Presiding Officer, from out of a panel of persons prepared and provided by the Council in such manner as may be prescribed;

(*b*) two members, who are persons of eminence having experience in the field of law, economics, business, finance or accountancy and not being a member of the Institute, to be nominated by the Central Government from out of a panel of persons prepared and provided by the Council in such manner as may be prescribed;

(*c*) two members to be nominated by the Council from out of a panel of members of the Institute to be prepared by the Council in such manner as may be prescribed:

Provided that the Presiding Officer nominated under clause (*a*) and the members nominated under clause (*b*) may be the same for different Disciplinary Committees constituted under this sub-section.

(*2*) The Disciplinary Committee shall, while considering the cases placed before it, follow such procedure including faceless proceedings and virtual hearings as may be specified.

(*3*) The Disciplinary Committee shall, on receipt of preliminary examination report from Director (Discipline), require the member or the firm, as the case may be, against whom such preliminary examination report has been filed, to submit a written statement within twenty-one days, which may further be extended by another twenty-one days in exceptional circumstances, for reasons to be recorded in writing.

(*4*) The Disciplinary Committee shall conclude its inquiry within one hundred and eighty days of the receipt of the preliminary examination report from the Director (Discipline).

(*5*) Upon inquiry, if the Disciplinary Committee finds that a member is guilty of a professional or other misconduct mentioned in the Second Schedule or in both the First Schedule and the Second Schedule, it may pass an order within thirty days of such a finding, after providing an opportunity of being heard to the member, taking any one or more of the following actions, namely:—

(*a*) reprimand the member and record it in the Register of members; or

(*b*) remove the name of the member from the Register of members permanently or for such period, as it may think fit; or

(*c*) impose such fine as it may think fit, which may extend to ten lakh rupees.

(*6*) Where on the basis of evidence brought on record or during the course of an inquiry pertaining to a member, the Disciplinary Committee is of the opinion that any such member, who is a partner or owner of a firm has been repeatedly found guilty of misconduct mentioned in the Second Schedule or in both the First Schedule and the Second Schedule, during the last five years, the following action may also be taken against such firm, namely:—

(*a*) prohibit the firm from undertaking any activity or activities relating to the profession of a cost accountant in practice for such period not exceeding two years; or

(*b*) suspend or cancel the registration of the firm and remove its name from the Register of firms permanently or for such period as it may think fit; or

(*c*) impose such fine as it may think fit, which may extend to fifty lakh rupees.

(*7*) Where a member or a firm fails to pay the fine imposed under sub-section (*5*) or sub-section (*6*) within the specified time, the Council shall remove the name of such member or firm from the Register of members or Register of firms, as the case may be, for such period, as it may think fit.

(*8*) The Presiding Officer and members of the Disciplinary Committee shall be paid such allowances as may be prescribed.".

Amendment of section 21C.

59. In section 21C of the principal Act, the *Explanation* shall be omitted.

Substitution of section 21D.

60. For section 21D of the principal Act, the following section shall be substituted, namely:—

Transitional provisions.

''21D. All complaints or any inquiry pending before the Board of Discipline or the Disciplinary Committee or any reference or appeal filed before the Appellate Authority or a High Court prior to the commencement of the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2022, shall continue to be governed by the provisions of this Act, as if this Act had not been amended by the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2022.".

Substitution of section 22.

61. For section 22 of the principal Act, the following section shall be substituted, namely:—

Professional or other misconduct defined.

'22. For the purposes of this Act, the expression "professional or other misconduct" shall be deemed to include any act or omission, on the part of any member of the Institute either in his individual capacity or as partner or owner of a firm as mentioned 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 such member or firm, under any other circumstances.'.

Amendment of section 22E.

62. In section 22E of the principal Act,—

(*i*) in sub-section (*1*),—

(*a*) after the words "Any member of the Institute", the words "or a firm" shall be inserted;

(*b*) for the words "imposing on him", the words "imposing on such member or firm" shall be substituted;

(*c*) for the words, brackets, figures and letters "sub-section (*3*) of section 21A and sub-section (*3*) of section 21B, may", the words, brackets, figures and letters "sub-section (*5*) or sub-section (*6*) of section 21A or sub-section (*5*) or sub-section (*6*) of section 21B, as the case may be, may" shall be substituted;

(*d*) for the words "communicated to him", the words "communicated to such member or firm" shall be substituted;

(*ii*) in sub-section (*2*), for the words, brackets, figures and letters "sub-section (*3*) of section 21A and sub-section (*3*) of section 21B", the words, brackets, figures and

letters "sub-section (*5*) or sub-section (*6*) of section 21A or sub-section (*5*) or sub-section (*6*) of section 21B, as the case may be," shall be substituted;

(*iii*) after sub-section (*2*), the following sub-section and *Explanations* shall be inserted, namely:—

'(*3*) No order or act or proceeding of the Authority shall be called in question in any manner, on the ground merely of any defect in the constitution of, or a casual vacancy or absence of one or two members, of the Authority.

Explanation 1.—For the purposes of this Chapter,—

(*A*) "member of the Institute" includes a person who was a member of the Institute on the date of the alleged misconduct although he has ceased to be a member of the Institute at the time of the inquiry;

(*B*) a "firm" registered with the Institute shall also be held liable for misconduct of a member who was its partner or owner on the date of the alleged misconduct, although he has ceased to be such partner or owner, at the time of the inquiry.

Explanation 2.—No action taken under the provisions of this Chapter shall bar a Central Government Department or a State Government or any statutory authority or regulatory body to take action against a member or a firm registered with the Institute under any other law for the time being in force.'.

Amendment of section 24.

63. In section 24 of the principal Act,—

(*a*) for the words "one thousand rupees", the words "one lakh rupees" shall be substituted;

(*b*) for the words "five thousand rupees", the words "five lakh rupees" shall be substituted.

Amendment of section 25.

64. In section 25 of the principal Act, in sub-section (*2*),—

(*i*) for the words "be punishable on first conviction with fine which may extend to one thousand rupees", the words "be punishable with imprisonment which may extend to six months or with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees or with both on first conviction" shall be substituted;

(*ii*) for the words "six months, or with fine which may extend to five thousand rupees", the words "one year, or with fine which shall not be less than two lakh rupees but which may extend to ten lakh rupees" shall be substituted.

Amendment of section 26.

65. In section 26 of the principal Act, for sub-section (*2*), the following sub-section shall be substituted, namely:—

"(*2*) If any company contravenes the provisions of sub-section (*1*), then every director, manager, Secretary and any other officer who is knowingly a party to such contravention shall be punished on first conviction with fine which shall not be less than two lakh rupees but which may extend to ten lakh rupees, and on any subsequent conviction, with fine which shall not be less than four lakh rupees but which may extend to twenty lakh rupees.".

Amendment of section 27.

66. In section 27 of the principal Act, in sub-section (*2*),—

(*a*) for the words "five thousand rupees", the words "one lakh rupees" shall be substituted;

(*b*) for the words "one lakh rupees", the words "five lakh rupees" shall be substituted;

(*c*) for the words "ten thousand rupees", the words "two lakh rupees" shall be substituted;

(*d*) for the words "two lakh rupees", the words "ten lakh rupees" shall be substituted.

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Amendment of section 29B.

67. In section 29B of the principal Act, after clause (*c*), the following clause shall be inserted, namely:—

"(*d*) to forward cases of non-compliance with various statutory and regulatory requirements by the members of the Institute or firms noticed by it during the course of its review, to the Disciplinary Directorate for its examination.".

Substitution of section 34.

68. For section 34 of the principal Act, the following section shall be substituted, namely:—

Coordination Committee.

"34. The Coordination Committee constituted under section 9A of the Chartered Accountants Act, 1949, shall be deemed to be the Coordination Committee for the purposes of this Act.".

38 of 1949.

Amendment of section 38.

69. In section 38 of the principal Act, in sub-section (*2*), for the word "Register", the words "Register of members" shall be substituted.

Amendment of section 38A.

70. In section 38A of the principal Act, in sub-section (*2*), for clauses (*c*) and (*d*), the following clauses shall be substituted, namely:—

"(*c*) the form and fee for filing an information or a complaint under sub-section (*1*), the manner of deciding a complaint or information as actionable or non-actionable under sub-section (*2*) and the procedure of investigation under sub-section (*7*)**,** of section 21;

(*d*) the procedure while considering the cases by the Board of Discipline under sub-section (*2*) and time limit for payment of fine under sub-section (*7*), of section 21A;

(*da*) the procedure while considering the cases by the Disciplinary Committee under sub-section (*2*) and time limit for payment of fine under sub-section (*7*), of section 21B;".

Amendment of section 39.

71. In section 39 of the principal Act, in sub-section (*2*),—

(*i*) in clauses (*b*), (*f*) and (*i*), for the word "Register", the words "Register of members" shall be substituted;

(*ii*) clause (*h*) and clause (*j*) shall be omitted;

(*iii*) in clause (*p*), for the words "members of", the words "members and firms registered with" shall be substituted;

(*iv*) for clause (*s*), the following clauses shall be substituted, namely:—

"(*s*) the circumstances under which certificates of practice may be cancelled under sub-section (*3*) of section 6;

(*sa*) the guidelines for granting or refusal of certificates of practice under clause (*e*) of sub-section (*2*) of section 15;

(*sb*) the manner of appointment, powers, duties, functions, salaries, fees, allowances and other terms and conditions of service of the Secretary and other officers and employees of the Council under clause (*c*) of sub-section (*2*) of section 16;

(*sc*) the manner of preparing annual financial statement under sub-section (*4*) and the annual accounts under sub-section (*5*), of section 18;

(*sd*) the manner of maintaining a Register of the members of the Institute under sub-section (*1*) of section 19;

(*se*) the manner of making an application for grant of registration of a firm and the terms and conditions of such registration under section 20A;

(*sf*) the manner of maintenance of Register of firms and other particulars including details of pendency of any actionable information or complaint or imposition of any penalty against the firm under sub-section (*1*) and sub-section (*2*) and the manner in which the annual list of firms registered with the Institute shall be published under sub-section (*3*), of section 20B;

(*sg*) the manner of making available status of actionable information and complaints and orders passed under sub-section (*9*) of section 21;

(*sh*) the manner of preparing panel of persons under clauses (*a*), (*b*) and (*c*) of sub-section (*1*) and the allowances payable to the Presiding Officers and members of Boards of Discipline under sub-section (*8*), of section 21A;

(*si*) the manner of preparing panel of persons under clauses (*a*), (*b*) and (*c*) of sub-section (*1*) and the allowances payable to the Presiding Officers and members of the Disciplinary Committees under sub-section (*8*), of section 21B;

(*sj*) the salaries and allowances and conditions of service of officers and other staff of the Authority under sub-section (*2*) of section 22D;

(*sk*) the manner in which Regional Council may be constituted under sub-section (*2*) of section 23 and the functions thereof;''.

Amendment of First Schedule.

72. In the First Schedule to the principal Act, in the heading, for the figures, brackets and letter "21(*3*), 21A(*3*)", the figures, brackets, letters and words "21(*6*), 21A (*5*) and (*6*), 21B (*5*) and (*6*)" shall be substituted.

Amendment of Second Schedule.

73. In the Second Schedule to the principal Act,—

(*i*) in the heading, for the figures, brackets and letter "21(*3*), 21B (*3*)", the figures, brackets, letter and word "21(*6*), 21B(*5*) and (*6*)" shall be substituted;

(*ii*) in Part 1, in item (*3*), for the words "belief that he", the words "belief that he or his firm" shall be substituted.

CHAPTER IV

AMENDMENTS TO THE COMPANY SECRETARIES ACT,1980

Amendment of section 2.

74. In the Company Secretaries Act, 1980 (hereafter in this Chapter referred to as the principal Act), in section 2,— 56 of 1980.

(*a*) in sub-section (*1*),—

(*i*) after clause (*aaa*), the following clause shall be inserted, namely:—

'(*ab*) "Board of Discipline" means the Board of Discipline constituted under sub-section (*1*) of section 21A;';

(*ii*) in clause (*b*), for the words and figures "Companies Act, 1956", the words, figures and brackets "the Companies Act, 2013 or any other previous company law as defined in sub-section (*67*) of section 2 of the said Act" shall be substituted; 1 of 1956. 18 of 2013.

(*iii*) after clause (*d*), the following clauses shall be inserted, namely:—

'(*da*) "Director (Discipline)" means the Director (Discipline) referred to in section 21 and includes Joint Director (Discipline);

(*db*) "Disciplinary Committee" means the Disciplinary Committee constituted under sub-section (*1*) of section 21B;

(*dc*) "Disciplinary Directorate" means the Disciplinary Directorate established under sub-section (*1*) of section 21;';

(*iv*) for clause (*ga*), the following clause shall be substituted, namely:—

'(*ga*) "notification" means a notification published in the Official Gazette and the term "notify" shall be construed accordingly;';

(*v*) for clause (*j*), the following clause shall be substituted, namely:—

'(*j*) "Register" means the Register of members of the Institute maintained under section 19 or the Register of firms of the Institute maintained under section 20B, as the case may be;';

(*vi*) after clause (*ja*), the following clause shall be inserted, namely:—

'(*jaa*) "Standing Committee" means the Standing Committee constituted under sub-section (*1*) of section 17;';

(*b*) in sub-section (*2*), in clause (*c*), in sub-clause (*vi*),—

(*A*) the words, brackets and figures "the Capital Issues (Control) Act, 1947" shall be omitted; 29 of 1947.

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(*B*) for the words and figures "the Monopolies and Restrictive Trade Practices Act, 1969, the Foreign Exchange Regulation Act, 1973", the words and figures "the Securities and Exchange Board of India Act, 1992, the Foreign Exchange Management Act, 1999, the Competition Act, 2002" shall be substituted.

54 of 1969.
46 of 1973.
15 of 1992.
42 of 1999.
12 of 2003.

75. In section 4 of the principal Act,— Amendment of section 4.

(*i*) for the word "Register", wherever it occurs, the words "Register of members" shall be substituted;

(*ii*) in sub-section (*1*), in clause (*e*), for the words "without India", the words "outside India" shall be substituted;

(*iii*) in sub-section (*3*),—

(*a*) the words '', which shall not exceed rupees three thousand" shall be omitted;

(*b*) the proviso shall be omitted.

76. In section 5 of the principal Act,— Amendment of section 5.

(*i*) for the word "Register", wherever it occurs, the words "Register of members" shall be substituted;

(*ii*) in sub-section (*3*), the words "which shall not exceed rupees five thousand," shall be omitted;

(*iii*) the proviso shall be omitted.

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77. In section 6 of the principal Act, in sub-section (*2*),— Amendment of section 6.

(*i*) the words "which shall not exceed rupees three thousand," shall be omitted;

(*ii*) the proviso shall be omitted.

78. In section 8 of the principal Act,— Amendment of section 8.

(*i*) for the word "Register", wherever it occurs, the words "Register of members" shall be substituted;

(*ii*) in clause (*c*), after the words "undischarged insolvent", the words "or undischarged bankrupt**"** shall be inserted;

(*iii*) after clause (*c*), the following clause shall be inserted, namely:—

"(*ca*) is declared bankrupt under the Insolvency and Bankruptcy Code, 2016;";

31 of 2016.

(*iv*) in clause (*e*), for the words "without India", the words **"**outside India" shall be substituted.

79. In section 9 of the principal Act,— Amendment of section 9.

(*i*) in sub-section (*2*),—

(*a*) for the word "Register", occurring at both the places**,** the words "Register of members" shall be substituted;

(*b*) for the words "three years", the words "four years" shall be substituted;

(*c*) for the words "six years", the words "eight years" shall be substituted;

(*ii*) in sub-section (*4*),—

(*a*) for the word "person", the words "member of the Institute or any partner of a firm" shall be substituted;

(*b*) for the words "three years", the words "four years" shall be substituted.

Amendment of section 12.

80. In section 12 of the principal Act,—

(*i*) in sub-section (*1*), the proviso shall be omitted;

(*ii*) after sub-section (*2*), the following sub-sections shall be inserted, namely:—

"(*2A*) The President shall preside at the meetings of the Council.

(*2B*) The President and the Vice-President shall exercise such powers and perform such duties and functions as may be prescribed.

(*2C*) It shall be the duty of the President to ensure that the decisions taken by the Council are implemented.".

Amendment of section 13.

81. In section 13 of the principal Act, in sub-section (*2*), for the word "Register", the words "Register of members" shall be substituted.

Amendment of section 15.

82. In section 15 of the principal Act, in sub–section (*2*),—

(*i*) in clause (*c*), for the word "Register", the words "Register of members" shall be substituted;

(*ii*) after clause (*e*), the following clause shall be inserted, namely:—

"(*ea*) the granting or refusal, of registration of a firm;";

(*iii*) after clause (*j*), the following clauses shall be inserted, namely:—

"(*ja*) to issue guidelines for the purpose of carrying out the objects of this Act;

(*jb*) to conduct investor education and awareness programmes;

(*jc*) to enter into any memorandum or arrangement with the prior approval of the Central Government, with any agency of any foreign country, for the purpose of performing its functions under this Act;".

Amendment of section 15A.

83. In section 15A of the principal Act,—

(*i*) after clause (*c*), the following clause shall be inserted, namely:—

"(*ca*) the maintenance and publication of a Register of firms;";

(*ii*) in clause (*e*), for the words "Register and the restoration to the Register of names", the words "Register of members and firms and the restoration of names to the Register of members and firms" shall be substituted.

Amendment of section 16.

84. In section 16 of the principal Act,—

(*i*) for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) For the efficient performance of its duties, the Council shall appoint—

(*a*) a Secretary who will carry out administrative functions of the Institute, as its Chief Executive Officer;

(*b*) a Director (Discipline) and Joint Directors (Discipline) not below the rank of Deputy Secretary of the Institute, to perform such functions as are assigned to them under this Act and the rules and regulations framed thereunder:

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Provided that no appointment or re-appointment or termination of appointment of Director (Discipline) or Joint Director (Discipline) shall have effect unless such appointment, re-appointment or termination of appointment is made with the previous approval of the Central Government.";

(*ii*) in sub-section (*2*), for clause (*c*), the following clause shall be substituted, namely:—

"(*c*) prescribe the manner of appointment, powers, duties and functions of the Secretary and other officers and employees, their salaries, fees, allowances and other terms and conditions of service;".

Amendment of section 18.

85. In section 18 of the principal Act, for sub-section (*5*), the following sub-section shall be substituted, namely:—

"(*5*) The annual accounts of the Council shall be prepared in such manner as may be prescribed and subject to audit by a firm of chartered accountants to be appointed annually by the Council from the panel of auditors maintained by the Comptroller and Auditor-General of India:

Provided that a firm shall not be eligible for appointment as an auditor under this sub-section, if any of its partner is or has been a member of the Council during the last four years:

Provided further that, in the event it is brought to the notice of the Council that the accounts of the Council do not represent a true and fair view of its finances, then, the Council may itself cause a special audit to be conducted:

Provided also that, if such information, that the accounts of the Council do not represent a true and fair view of its finances, is sent to the Council by the Central Government, then, the Council may, wherever appropriate cause a special audit or take such other action as it considers necessary and shall furnish an action taken report thereon to the Central Government.".

Amendment of section 19.

86. In section 19 of the principal Act,—

(*i*) for the word "Register", wherever it occurs, the words "Register of members" shall be substituted;

(*ii*) for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) The Council shall maintain a Register of members of the Institute in such manner as may be prescribed.";

(*iii*) in sub-section (*2*), after clause (*c*), the following clause shall be inserted, namely:—

"(*ca*) whether any actionable information or complaint is pending or any penalty has been imposed against him under Chapter V, including details thereof, if any;";

(*iv*) in sub-section (*4*),—

(*a*) the words ", which shall not exceed rupees five thousand" shall be omitted;

(*b*) the proviso shall be omitted.

Amendment of section 20.

87. In section 20 of the principal Act,—

(*i*) for the word "Register", wherever it occurs, the words "Register of members" shall be substituted;

(*ii*) in sub-section (*3*),—

(*a*) the words ", which shall not exceed rupees two thousand" shall be omitted;

(*b*) the proviso shall be omitted.

Insertion of new Chapter IVA.

88. After Chapter IV of the principal Act, the following Chapter shall be inserted, namely:—

"CHAPTER IVA

REGISTRATION AND REGISTER OF FIRMS

Registration of firms.

20A**.** Every firm shall be registered with the Institute on an application made to the Council, by any partner or owner of a firm, in such manner and subject to such terms and conditions as may be prescribed:

Provided that the Council may refuse to register a firm if the name of such firm is identical or similar to the name of any other firm already registered or the name is in use by any firm within or outside India or in the opinion of the Council, registration of the firm is undesirable.

Register of firms.

20B. (*1*) The Council shall maintain, in such manner as may be prescribed, a Register of firms.

(*2*) The Register of firms shall include such particulars about the firm, including details of pendency of any actionable information or complaint or imposition of any penalty against it under Chapter V, in such form and at such intervals, as may be prescribed.

(*3*) The Council shall cause to be published in such manner as may be prescribed, a list of firms registered with the Institute as on the 1st day of April of each year or at any such interval as may be decided by the Council, and shall make available the list to such persons, in such form and on payment of such amount as may be prescribed.

Removal from Register of firms.

20C. The Council shall remove from the Register of firms the name of any firm—

(*a*) which is dissolved or liquidated; or

(*b*) from which a request has been received to that effect; or

(*c*) is declared insolvent or bankrupt under the Insolvency and Bankruptcy Code, 2016 and remains undischarged; or 31 of 2016.

(*d*) which has been debarred from undertaking any activity or activities relating to the profession of a company secretary in practice under any law for the time being in force or by any competent court; or

(*e*) in respect of which an order for removal has been passed under this Act.

Review before Council.

20D. (*1*) Any firm aggrieved by the decision for refusal of registration may apply for review before the Council within one month from the date of such refusal.

(*2*) The Council may, after considering the review application, confirm or set aside the decision so taken or pass such order as it may consider appropriate.".

Substitution of section 21.

89. For section 21 of the principal Act, the following section shall be substituted, namely:—

Disciplinary Directorate.

"21. (*1*) The Council shall, by notification, establish a Disciplinary Directorate

consisting of a Director (Discipline), at least two Joint Directors (Discipline) not below the rank of Deputy Secretary of the Institute and such other employees appointed under section 16, for making investigations either *suo motu*, or on receipt of an information or a complaint in such form, along with such fees as may be specified.

(*2*) Within thirty days of receipt of an information or a complaint, the Director (Discipline) shall decide in such manner as may be specified, whether a complaint or information is actionable or is liable to be closed as non-actionable:

Provided that the Director (Discipline) may call for additional information from the complainant or the informant, as the case may be, by giving fifteen days time before deciding whether the case is actionable or non-actionable:

Provided further that the recommendations of the Director (Discipline) on non-actionable complaint or information shall be submitted to the Board of Discipline within sixty days of its receipt and the Board of Discipline may, after looking into its merits, refer such complaint or information to the Director (Discipline) for conducting further investigation.

(*3*) While making investigation into a case which is found to be actionable, the Director (Discipline) shall give an opportunity to the member or the firm, as the case may be, to submit a written statement within twenty-one days which may further be extended by another twenty-one days, for reasons to be recorded in writting.

(*4*) Upon receipt of the written statement under sub-section (*3*), if any, the Director (Discipline) shall send a copy thereof to the complainant or the informant, as the case may be, and the complainant or the informant, shall within twenty-one days of the receipt of such written statement, submit his rejoinder.

(*5*) Upon receipt of the written statement under sub-section (*3*) and rejoinder under sub-section (*4*), the Director (Discipline) shall submit a preliminary examination report within thirty days, if a *prima facie* case is made out against a member or a firm, as the case may be.

(*6*) In case a *prima facie* case is made out for any professional or other misconduct mentioned in the First Schedule, the Director (Discipline) shall submit the preliminary examination report to the Board of Discipline and where *prima facie* case is made out for any professional or other misconduct mentioned in the Second Schedule or in both the First Schedule and the Second Schedule, he shall submit a preliminary examination report to the Disciplinary Committee:

Provided that a complaint or information filed by any authorised officer of the Central Government or a State Government or any statutory authority duly supported by an investigation report or relevant extract of the investigation report along with supporting evidence, shall be treated as preliminary examination report:

Provided further that where no *prima facie* case is made out against the member or the firm, the Director (Discipline) shall submit such information or complaint with relevant documents to the Board of Discipline and the Board of Discipline may, if it agrees with the findings of the Director (Discipline), close the matter or in case of disagreement, may itself proceed further or refer the matter to the Disciplinary Committee or advise the Director (Discipline) to further investigate the matter.

(*7*) For the purpose of investigation under this Act, the Disciplinary Directorate shall follow such procedure as may be specified.

(*8*) A complaint filed with the Disciplinary Directorate shall not be withdrawn under any circumstances.

(*9*) The status of actionable information and complaints pending before the Disciplinary Directorate, Boards of Discipline and Disciplinary Committees and the orders passed by the Boards of Discipline under section 21A and by the Disciplinary Committees under section 21B shall be made available in the public domain by the Disciplinary Directorate in such manner as may be prescribed.".

Substitution of section 21A.

90. For section 21A of the principal Act, the following section shall be substituted, namely:—

Board of Discipline.

"21A. (*1*) The Council shall, by notification, constitute one or more Boards of Discipline, each consisting of—

(*a*) a person not being a member of the Institute, with experience in law and having knowledge of disciplinary matters and the profession, to be nominated by the Central Government as its Presiding Officer, from out of a panel of persons prepared and provided by the Council, in such manner as may be prescribed;

(*b*) one member, who is a person of eminence having experience in the field of law, economics, business, finance or accountancy and not being a member of the Institute, to be nominated by the Central Government from out of a panel of persons prepared and provided by the Council, in such manner as may be prescribed;

(*c*) one member to be nominated by the Council from out of a panel of members of the Institute to be prepared by the Council, in such manner as may be prescribed;

(*d*) an officer of the Institute not below the rank of a Deputy Secretary shall function as the Secretary of the Board of Discipline:

Provided that the Presiding Officer nominated under clause (*a*) and the member nominated under clause (*b*) may be the same for different Boards of Discipline constituted under this sub-section.

(*2*) The Board of Discipline shall, while considering the cases placed before it, follow such procedure including faceless proceedings and virtual hearings as may be specified.

(*3*) The Board of Discipline shall, on receipt of preliminary examination report from Director (Discipline), require the member or the firm, as the case may be, against whom such preliminary examination report has been filed, to submit a written statement within twenty-one days which may further be extended by another twenty-one days, in exceptional circumstances, for reasons to be recorded in writing.

(*4*) The Board of Discipline shall conclude its inquiry within ninety days of the receipt of preliminary examination report from the Director (Discipline).

(*5*) Upon inquiry, if the Board of Discipline finds that such member is guilty of a professional or other misconduct mentioned in the First Schedule, it may pass an order within thirty days of such finding, after providing an opportunity of being heard to the member, taking any one or more of the following actions, namely:—

(*a*) reprimand the member and record it in the Register of members;

(*b*) remove the name of the member or members from the Register of members, up to a period of six months;

(*c*) impose such fine as it may think fit which may extend to two lakh rupees.

(*6*) where on the basis of evidence brought on record or during the course of an inquiry pertaining to a member, the Board of Discipline is of the opinion that any such

member who is a partner or owner of a firm, has been repeatedly found guilty of misconduct under the First Schedule during the last five years, the following action may also be taken against such firm, namely:—

(*a*) prohibit the firm from undertaking any activity or activities relating to the profession of a company secretary in practice for such period not exceeding one year; or

(*b*) impose such fine as it may think fit, which may extend to twenty-five lakh rupees.

(*7*) Where a member fails to pay the fine imposed under sub-section (*5*) or sub-section (*6*) within such time as may be specified, the Council shall remove the name of such member or firm from the Register of members or Register of firms, as the case may be, for such period as it may think fit.

(*8*) The Presiding Officer and members of the Board of Discipline shall be paid such allowances as may be prescribed.".

Substitution of section 21B.

91. For section 21B of the principal Act, the following section shall be substituted, namely:—

Discipilinary Committee.

"21B. (*1*) The Council shall, by notification, constitute one or more Disciplinary Committees, each consisting of—

(*a*) a person, not being a member of the Institute, with experience in the field of law and having knowledge of disciplinary matters and the profession, to be nominated by the Central Government as its Presiding Officer, from out of a panel of persons prepared and provided by the Council in such manner as may be prescribed;

(*b*) two members, who are persons of eminence having experience in the field of law, economics, business, finance or accountancy and not being a member of the Institute, to be nominated by the Central Government from out of a panel of persons prepared and provided by the Council in such manner as may be prescribed;

(*c*) two members to be nominated by the Council from out of a panel of members of the Institute to be prepared by the Council in such manner as may be prescribed:

Provided that the Presiding Officer nominated under clause (*a*) and the members nominated under clause (*b*) may be the same for different Disciplinary Committees constituted under this sub-section.

(*2*) The Disciplinary Committees shall, while considering the cases placed before it, follow such procedure including faceless proceedings and virtual hearings as may be specified.

(*3*) The Disciplinary Committee shall, on receipt of preliminary examination report from Director (Discipline), require the member or the firm, as the case may be, against whom such preliminary examination report has been filed, to submit a written statement within twenty-one days which may further be extended by another twenty-one days, in exceptional circumstances, for reasons to be recorded in writing.

(*4*) The Disciplinary Committee shall conclude its inquiry within one hundred and eighty days of receipt of the preliminary examination report from the Director (Discipline).

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(*5*) Upon inquiry, if the Disciplinary Committee finds that a member is guilty of a professional or other misconduct mentioned in the Second Schedule or in both the First Schedule and the Second Schedule, it may pass an order within thirty days of such a finding, after providing an opportunity of being heard to the member, taking any one or more of the following actions, namely:—

(*a*) reprimand the member and record it in the Register of members; or

(*b*) remove the name of the member from the Register of members permanently or for such period, as it may think fit; or

(*c*) impose such fine as it may think fit, which may extend to ten lakh rupees.

(*6*) Where on the basis of evidence brought on record or during the course of an inquiry pertaining to a member, the Disciplinary Committee is of the opinion that any member, who is a partner or owner of a firm, has been repeatedly found guilty of misconduct mentioned in the Second Schedule or in both the First Schedule and the Second Schedule during the last five years, the following action may also be taken against such firm, namely:—

(*a*) prohibit the firm from undertaking any activity or activities relating to the profession of a Company Secretary in practice for such period not exceeding two years; or

(*b*) suspend or cancel the registration of the firm and remove its name from the Register of firms permanently or for such period as it may think fit; or

(*c*) impose such fine as it may think fit, which may extend to fifty lakh rupees.

(*7*) Where a member or a firm fails to pay the fine imposed under sub-section (*5*) or sub-section (*6*) within such time as may be specified, the Council shall remove the name of such member or firm from the Register of members or Register of firms, as the case may be, for such period, as it may think fit.

(*8*) The Presiding Officer and members of the Disciplinary Committee shall be paid such allowances as may be prescribed.".

Amendment of section 21C.

92. In section 21C of the principal Act, the *Explanation* shall be omitted.

Substitution of section 21D.

93. For section 21D of the principal Act, the following section shall be substituted, namely:—

Transitional provisions.

"21D. All complaints or any inquiry pending before the Board of Discipline or the Disciplinary Committee or any reference or appeal filed before the Appellate Authority or a High Court prior to the commencement of the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2022, shall continue to be governed by the provisions of this Act, as if this Act had not been amended by the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2022.".

Substitution of section 22.

94. For section 22 of the principal Act, the following section shall be substituted, namely:—

Professional or other misconduct defined.

'22. For the purposes of this Act, the expression "professional or other misconduct" shall be deemed to include any act or omission, on the part of any member of the Institute either in his individual capacity or as partner or owner of a firm as mentioned 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 such member or firm, under any other circumstances.'.

Amendment of section 22E.

95. In section 22E of the principal Act,—

(*i*) in sub-section (*1*),—

(*a*) after the words "Any member of the Institute", the words "or a firm" shall be inserted;

(*b*) for the words "imposing on him", the words "imposing on such member or firm" shall be substituted;

(*c*) for the words, brackets, figures and letters "sub-section (*3*) of section 21A and sub-section (*3*) of section 21B, may", the words, brackets, figures and letters "sub-section (*5*) or sub-section (*6*) of section 21A or sub-section (*5*) or sub-section (*6*) of section 21B, as the case may be, may" shall be substituted;

(*d*) for the words "communicated to him", the words "communicated to such member or firm" shall be substituted;

(*ii*) in sub-section (*2*), for the words, brackets, figures and letters "sub-section (*3*) of section 21A and sub-section (*3*) of section 21B", the words, brackets, figures and letters "sub-section (*5*) or sub-section (*6*) of section 21A or sub-section (*5*) or sub-section (*6*) of section 21B," shall be substituted;

(*iii*) after sub-section (*2*), the following sub-section and *Explanations* shall be inserted, namely:—

'(*3*) No order or act or proceeding of the Authority shall be called in question in any manner, on the ground merely of any defect in the constitution of, or a casual vacancy or absence of one or two members, of the Authority.

Explanation 1.—For the purposes of this Chapter,—

(*A*) "member of the Institute" includes a person who was a member of the Institute on the date of the alleged misconduct although he has ceased to be a member of the Institute at the time of the inquiry;

(*B*) a "firm" registered with the Institute shall also be held liable for misconduct of a member who was its partner or owner on the date of the alleged misconduct, although he has ceased to be such partner or owner, at the time of the inquiry.

Explanation 2.— No action taken under the provisions of this Chapter shall bar a Central Government Department or a State Government or any statutory authority or regulatory body to take action against a member or a firm registered with the Institute under any other law for the time being in force.'.

Amendment of section 24.

96. In section 24 of the principal Act,—

(*a*) for the words "one thousand rupees", the words "one lakh rupees" shall be substituted;

(*b*) for the words "five thousand rupees", the words "five lakh rupees" shall be substituted.

Amendment of section 25.

97. In section 25 of the principal Act, in sub-section (*2*),—

(*i*) for the words "be punishable on first conviction with fine which may extend

to one thousand rupees", the words "be punishable with imprisonment which may extend to six months or with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees or with both on first conviction" shall be substituted;

(*ii*) for the words "six months, or with fine which may extend to five thousand rupees", the words "one year, or with fine which shall not be less than two lakh rupees but which may extend to ten lakh rupees" shall be substituted.

Amendment of section 26.

98. In section 26 of the principal Act, for sub-section (*2*), the following sub-section shall be substituted, namely:—

"(*2*) If any company contravenes the provisions of sub-section (*1*), then every director, manager, Secretary and any other officer who is knowingly a party to such contravention shall be punished on first conviction with fine which shall not be less than two lakh rupees but which may extend to ten lakh rupees, and on any subsequent conviction with fine which shall not be less than four lakh rupees but which may extend to twenty lakh rupees.".

Amendment of section 27.

99. In section 27 of the principal Act, in sub-section (*2*),—

(*a*) for the words "five thousand rupees", the words "one lakh rupees" shall be substituted;

(*b*) for the words "one lakh rupees", the words "five lakh rupees" shall be substituted;

(*c*) for the words "ten thousand rupees", the words "two lakh rupees" shall be substituted;

(*d*) for the words "two lakh rupees", the words "ten lakh rupees" shall be substituted.

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Amendment of section 29B.

100. In section 29B of the principal Act, after clause (*c*), the following clause shall be inserted, namely:—

"(*d*) to forward cases of non-compliance with various statutory and regulatory requirements by the members of the Institute or firms, noticed by it during the course of its review, to the Disciplinary Directorate for its examination.".

Substitution of section 34.

101. For section 34 of the principal Act, the following section shall be substituted, namely:—

Coordination Committee.

"34. The Coordination Committee constituted under section 9A of the Chartered Accountants Act, 1949, shall be deemed to be the Coordination Committee for the purposes of this Act.". 38 of 1949.

Amendment of section 38.

102. In section 38 of the principal Act, in sub-section (*2*), for the word "Register", the words "Register of members" shall be substituted.

Amendment of section 38A.

103. In section 38A of the principal Act, in sub-section (*2*), for clauses (*c*) and (*d*), the following clauses shall be substituted, namely:—

"(*c*) the form, manner and fee for filing an information or a complaint under sub-section (*1*), the manner of deciding a complaint or information as actionable or non-actionable under sub-section (*2*) and the procedure of investigation under sub-section (*7*), of section 21;

(*d*) the procedure while considering the cases by the Boards of Discipline under sub-section (*2*) and time limit for payment of fine under sub-section (*7*), of section 21A;

(*da*) the procedure while considering the cases by the Disciplinary Committees under sub-section (*2*) and time-limit for payment of fine under sub-section (*7*), of section 21B;".

Amendment of section 39.

104. In section 39 of the principal Act, in sub-section (*2*),—

(*i*) for the word "Register", occuring at both the places, the words "Register of members" shall be substituted;

(*ii*) after clause (*f*), the following clauses shall be inserted, namely:—

"(*fa*) the circumstances under which certificates of practice may be cancelled under sub-section (*3*) of section 6;

(*fb*) the powers, duties and functions of the President and the Vice-President of the Council under sub-section (*2B*) of section 12;";

(*iii*) after clause (*h*), the following clause shall be inserted, namely:—

"(*ha*) guidelines for granting or refusal of certificates of practice under clause (*e*) of sub-section (*2*) of section 15;";

(*iv*) after clause (*k*), the following clause shall be inserted, namely:—

"(*ka*) the manner of appointment, powers, duties, functions, salaries, fees, allowances and other terms and conditions of service of the Secretary and other officers and employees of the Council under clause (*c*) of sub-section (*2*) of section 16;";

(*v*) after clause (*m*), the following clause shall be inserted, namely:—

"(*ma*) the maintenance of accounts under sub-section (*3*), the manner of preparing annual financial statement under sub-section (*4*) and the manner of preparing the annual accounts of the Council under sub-section (*5*), of section 18;'';

(*vi*) for clause (*p*), the following clauses shall be substituted, namely:—

"(*p*) the manner of making an application for grant of registration of a firm and the terms and conditions of such registration under section 20A;

(*pa*) the manner of maintenance of Register of firms, and other particulars including details of pendency of any actionable information or complaint or imposition of any penalty against the firm under sub-section (*1*) and sub-section (*2*) and the manner in which the annual list of firms registered with the Institute shall be published under sub-section (*3*), of section 20B;

(*pb*) the manner of making available status of actionable information and complaints and orders passed under sub-section (*9*) of section 21;

(*pc*) the manner of preparing panel of persons under clauses (*a*), (*b*) and (*c*) of sub-section (*1*) and the allowances payable to the Presiding Officers and members of the Boards of Discipline under sub-section (*8*), of section 21A;

(*pd*) the manner of preparing panel of persons under clauses (*a*), (*b*) and (*c*) of sub-section (*1*) and the allowances payable to the Presiding Officers and members of the Disciplinary Committees under sub-section (*8*) of section 21B;

(*pe*) the salaries and allowances and conditions of service of officers and staff of the Authority under sub-section (*2*) of section 22D;''.

Amendment of First Schedule.

105. In the First Schedule to the principal Act, in the heading, for the figures, brackets and letter "21(*3*), 21A(*3*)", the figures, brackets and letters "21(*6*), 21A(*5*) and (*6*), 21B (*5*) and (*6*)" shall be substituted.

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Amendment of Second Schedule.

106. In the Second Schedule to the principal Act,—

(*i*) in the heading, for the figures, brackets and letter "21(*3*), 21B(*3*)", the figures, brackets and letter "21(*6*), 21B (*5*) and (*6*)" shall be substituted;

(*ii*) in Part I, in item (*3*), for the words "belief that he", the words "belief that he or his firm" shall be substituted.

———

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Secretary to the Govt. of India.

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UPLOADED BY THE MANAGER, GOVERNMENT OF INDIA PRESS, MINTO ROAD, NEW DELHI–110002
AND PUBLISHED BY THE CONTROLLER OF PUBLICATIONS, DELHI–110054.

MGIPMRND—117GI(S3)—18-04-2022.