Clarification regarding (1) Listing with bodies creating data-base for independent directors of Chartered Accountants and (2) acting as E-Intermediary

Some members have brought to our notice that some website is creating data-base for independent directors and is inviting Chartered Accountants to enroll with it. The data-base collected by it will be provided to the listed Companies in order to reach the Chartered Accountants for taking them on their Board as Independent Directors. It is also brought to our notice that certain Chartered Accountants have been approached to act as e-Intermediary. The members have sought clarification whether they can enroll with the website creating such data-base and whether they can act as e-Intermediary.

The aforesaid issues have been examined. The Code of Ethics, 2005 edition, at page 81* provides as under:

"(16) A number of Chartered Accountants Societies or other bodies are creating data-bases of Chartered Accountants or Chartered Accountants’ Firms and are offering listing to Chartered Accountants. Such listing would be permitted with or without payment. In case a Chartered Accountant or Chartered Accountants’ Firm is a member of a professional body or association or Chamber of Commerce and they offer listing to the members or firm, the same would be permitted."

Accordingly, it is clarified that listing with the website collecting the data-base for independent directors is permissible with or without payment.

It is also clarified that since acting as E-Return Intermediary comes within the purview of the definition “Management Consultancy and Other Services” appearing at pages 8-10 ** of Code of Ethics, 2005 edition, it is permissible.

*Page No. 143 of Code of Ethics, 2009 edition
**Page No. 103-105 of Code of Ethics, 2009 edition