

Comments of the Institute of Chartered Accountants of India (ICAI) on the Exposure Draft of 'Responding to a Suspected Illegal Act' developed and approved by the International Ethics Standards Board for Accountants (IESBA):

We are fine with the changes proposed by IESBA with regard to 'Responding to a Suspected Illegal Act'. There might be an editorial modification: the word 'accountant' used in the various sections of the exposure draft (e.g. 225.2, 225.3, 225.5, 225.6, 225.8 etc.), may be replaced by '*professional accountant*' for clarity (since 'professional accountant' has been defined in the Code of Ethics, but 'accountant' has not been defined anywhere in the draft.)

Further, as per the Indian scenario, disclosure may be made only either with the consent of client or if the law requires so. The provisions of the domestic law may be noted as hereunder:

A: (For professional accountants in practice):

Item (1) of Part-I of the Second Schedule to the Chartered Accountants Act, 1949

A chartered accountant in practice shall be deemed to be guilty of professional misconduct, if he ---

(1) discloses information acquired in the course of his professional engagement to any person other than his client so engaging him, without the consent of his client or otherwise than as required by any law for the time being in force;

B: (For professional accountants in business):

Item (2) of Part-II of the Second Schedule to the Chartered Accountants Act, 1949

A member of the Institute, whether in practice or not, shall be deemed to be guilty of professional misconduct, if he—

(2) being an employee of any company, firm or person, discloses confidential information acquired in the course of his employment except as and when required by any law for the time being in force or except as permitted by the employer;
