

**Exposure draft**  
**NETWORKING GUIDELINES FOR CMA FIRMS**

*In exercise of the powers conferred by Section 15 (2) (ja) of the Cost Accountants Act, 1959, as amended from time to time, the Council of the Institute of Cost Accountants of India hereby makes the following Guidelines, namely:-*

**NETWORKING GUIDELINES FOR CMA FIRMS**

*(As applicable to the Firms registered with  
The Institute of Cost Accountants of India)*

**1. Short Title, Commencement and Applicability**

- a) These Guidelines are called the “Networking Guidelines for CMA Firms”
- b) These guidelines are applicable to the firms as defined in section 2(ea) of the Cost Accountants Act, 1959 as amended from time to time.
- c) These guidelines shall be effective from the date of its notification in the gazette of India.

**2. Definitions**

Unless the context otherwise requires, the expressions used in these Guidelines shall have the meanings respectively assigned to them hereunder:

- a) **Act** means the Cost Accountants Act, 1959 (No. 23 of 1959).
- b) **Affiliate** means a firm that is part of the network.
- c) **Code of Ethics** means the Code of Ethics issued by the ICMAI and decisions of the Council in this regard.
- d) **Council** means the Council of the Institute constituted in accordance with Section 9 of the Cost Accountants Act, 1959.
- e) **Firm / CMA Firm** has the meaning assigned to it in section 2(ea) of the Act.
- f) **Institute** or **ICMAI** means the Institute of Cost Accountants of India constituted by The Institute of Cost Accountants Act 1959 (23 of 1959).
- g) **Member** shall have the meaning assigned to it in Section 3(1) of the Act.
- h) **Network** means a network amongst two or more firms registered with the ICMAI, where the object of network is to use the collective resources of the network affiliates for execution of professional services of one or more types at one and/or at different points. The resources would include financial, technical and other logistic support required to execute the professional assignments. In such type of network, the common resources may be pooled and exhibited together before the service user(s) as if those belong to one particular set of

professionals.

*[Explanation: If different Indian firms are networked with a common Multi-National Accounting Firm (MAF) then, irrespective of the presence/absence of any affiliate relationship between the Indian firms inter-se, they shall be considered as part of a network.]*

- i) **Network Agreement** means a written agreement with intent to create a Network in accordance with the Networking Guidelines.
- j) **Regulations** shall mean the Cost and Works Accountants Regulations, 1959.

### 3. Name of Network:

- (i) The Network may have distinct name which should be approved by the Institute. To distinguish a Network from a firm of Cost Accountants, the words "& Affiliates" or "Network" should only be used after the name of the network and the words "& Co." / "& Associates" should not be used. The prescribed format of application for approval of Name for Network is provided in Form 'N-1' (Annexed).
- (ii) Principles as set out in the provision of Regulation 108 of the Cost & Works Accountants Regulations, 1959 shall be applicable to the name of the network. However, even if a name is provided and subsequently it is found that the same is undesirable then the said name be withdrawn at any time by the ICMAI.
- (iii) The network shall follow the Council Guidelines for Advertisement, 2025 for the Members in Practice issued by the ICMAI.
- (iv) Affiliates of the network are permitted to use the words "affiliates/members of.... (name of the network)."

### 4. Registration:

- (i) A Network shall come into existence only if it is registered with the ICMAI.
- (ii) A Network is required to be registered with the ICMAI by making application in the prescribed Form 'N-2' (Annexed).
- (iii) Network is required to submit the network agreement along with Form 'BN'. Every agreement, bye-law, MOUs, by whatever name called, must also be submitted along with Form 'BN'.
- (iv) The Institute shall register or reject the application within 30 days of filing the application or submission of information as desired by the Institute.
- (v) Upon registration a Network Registration Number (NRN) and a certificate of registration to this effect shall be issued by the ICMAI.

- (vi) Affiliate belonging to one network shall not be eligible to become affiliate of another Network.
- (vii) Firms having common partners shall join only one network.
- (viii) Network may or may not be a registered/ incorporated entity under any law however its registration with ICMAI is mandatory.
- (ix) If different Indian firms are networked with a common multinational Accounting Firm (MAF), then irrespective of the presence/absence of any affiliate relationship between the Indian firms inter-se, they shall be considered as part of a network and for these firms the registration with the Institute is not mandatory. It is only if these Indian firms decide to constitute a Network, then the registration with the Institute is mandatory.

## **5. Change in constitution of a Network**

- (i) In case of change in the constitution of a Network on account of any entry into or exit from or a discontinuation of the Network, the Network shall communicate the same to the ICMAI by filing a prescribed Form "N-3" within a period of thirty (30) days from the date of such change and a revised certificate of registration will be issued by the ICMAI in this regard. In case, intimation is received at ICMAI beyond 30 days, then the change in constitution or discontinuation, as the case may be, will be reckoned from the date of receipt of intimation at ICMAI.
- (ii) Unless otherwise provided in the network agreement, the Network will cease to exist, in case only one affiliate remains in Network on account of change in constitution of Network.

## **6. Mode of operations:**

- (i) The network shall obtain consent of the client to engage an affiliate in discharging professional assignments.
- (ii) A Network may take only non-attestation assignments in its own name.
- (iii) If a network wants to carry out assignments in its own name, the network can register themselves as AOPs as recognised under income-tax laws. Networks may form AOP and open bank account in their own name, obtain PAN and GST registration. Income received by AOP can be distributed as per the network agreement. IT returns will have to be filed by AOP. AOPs can prepare common balance sheet and get it audited.
- (iv) Only one affiliate can apply on behalf of the network showing the collective strength of all the affiliates of the network, when responding to any enquiry/ tenders.
- (v) If one affiliate of the network is the statutory auditor of an entity then other

affiliate(s) [including the networked firm(s)] directly/indirectly should not accept any other professional assignments which are prohibited for the statutory auditor.

- (vi) In case of attestation assignments, a partner/proprietor of the affiliate that gets appointment is eligible to issue/sign/attest any certificate/report/professional document/ assignment.
- (vii) In those cases where rotation of firms is prescribed by any regulatory authority, no affiliate of the network can accept appointment as an auditor in place of any other affiliate of the network who is retiring.

#### **7. Violation of Act:**

- (i) In case of any alleged violation, by the network, of the provisions of the Act, Regulations framed thereunder, guidelines/directions issued by the Council from time to time the affiliates constituting the Network would be answerable.

#### **8. Exit from Network:**

- (i) An affiliate of a Network can exit from the network by sending the declaration in Form 'N-4' (Annexed) to the Institute.

#### **9. Framework of Internal Byelaws of a Network requiring Registration:**

To streamline the networking, a network shall formulate operational byelaws. Byelaws may contain the following clauses on which the affiliates of the network may enter into a written agreement amongst themselves:

- (i) Appointment of a Managing Committee, from among the managing partners of the affiliates of the network and the terms and conditions under which it should function. The minimum and maximum number of members of the Managing Committee shall also be agreed upon.
- (ii) Administration of the network
- (iii) Contribution of membership fees to meet the cost of administration of the network.
- (iv) Identifying a partner of any of the affiliates of the network who will be responsible for the assignment (engagement partner)
- (v) Dispute settlement procedures through arbitration and conciliation
- (vi) Development of training materials for affiliates of the network
- (vii) Issue of News-letters for staff and clients
- (viii) Development of software for different types of assignments. Development and maintenance of data bases relevant for different types of assignments

- (ix) Library
- (x) Appointment of a technical director to whom references can be made
- (xi) Determining the methodology for drawing resources from each affiliate
- (xii) Determining compensation to affiliates for resources to be drawn from them
- (xiii) Peer review of the affiliates

The above clauses are only illustrative and further new clauses may be added, if found appropriate, in a given instance or circumstances.

*Note: Necessary Forms as stated in the above guidelines have been provided hereinafter and to be used in appropriate instances by furnishing complete information.*

1. **Form N-1** - Application for approval of Name for Network
2. **Form N-2** – Application for Registration of Network
3. **Form N-3** – Application for Change of constitution of a Network
4. **Form N-4** - Declaration for Exit from a Network.

**Application for approval of Name for Network**

*[See Clause 3 of Networking Guidelines for CMA Firms]*

1. Proposed name of Network (in order of preference)

- 1.
- 2.
- 3.
- 4.

2. Details of the Firm(s) forming network

Sl.	Name of the Firm(s) forming network	Firm Registration No
1		
2		
3		

3. Address of the Office of the Network:.....

..... Pin.....

E-mail (if any) .....

We hereby declare that

(a) The above Firm(s) have entered into an understanding to form a network in accordance with the Networking Guidelines for CMA Firms issued by the ICAI and

(b) Further affirm and confirm that the partner(s) signing the application have been duly authorised by the other partners of the respective Firms.

Place: .....

Date: .....

Name(s) with Membership No(s) and signature(s) of duly authorized Partner(s) / Proprietor(s) of the Firms constituting Network

**Application for Registration of Network**

*[See Clause 4 of Networking Guidelines for CMA Firms]*

1. Name of the Network
2. Address of the Network
3. Names and addresses of firms constituting the Network

Sl.	Names and addresses of Firm(s)	Firm Registration No
1		
2		
3		

4. (a) Date of formation of Network :  
(b) Date on which present network arrangement was entered into:
5. We undertake to comply with the Networking Guidelines for CMA Firms issued by the ICAI from time to time.

We hereby declare that:

- (a) the network affiliates have entered into an agreement to form this network.
- (b) that the partner(s) signing this declaration has been duly authorized by the other partners of the firm

Place: .....

Date: .....

Name(s) with Membership No(s) and signature(s) of duly authorized Partner(s) / Proprietor(s) of the Firms constituting Network

1. Applicants are required to attach self-attested copies of evidence of their age, Aadhar & PAN.
2. Applicants are required to attach certificate of Indian Domicile in original along with photocopy thereof, if applicable.
3. Applicants residing outside India must provide their Indian Permanent Residential Address.

### Application for Change of constitution of a Network

[See Clause 5 of Networking Guidelines for CMA Firms]

1. Name of the Network
2. Address of the Network
3. Network Registration Number (NRN)
4. Names and addresses of the affiliates of the Network

Sl.	Names and addresses of Affiliates	Firm Registration No
1		
2		
3		

5. Name and address of the firm(s) willing to enter into the Network

Sl.	Names and addresses of Affiliates	Firm Registration No
1		
2		
3		

6. Date of change in the constitution:

In pursuance to the Clause 5 of the Networking Guidelines for CMA Firms issued by ICMAI

(a) I / we hereby declare my / our willingness to enter into the Network w.e.f. ....

(b) I / We hereby declare that I / we have been duly authorised by the other partners to issue this declaration.

Place: .....

Date: .....

Name(s) with Membership No(s) and signature(s) of duly authorized Partner(s) / Proprietor(s) of the affiliates of the Network

### Declaration for Exit from a Network

[See Clause 8 of Networking Guidelines for CMA Firms]

1. Name of the Network
2. Address of the Network
3. Network Registration Number (NRN)
4. Names and addresses of the affiliates of the Network

Sl.	Names and addresses of Affiliates	Firm Registration No
1		
2		
3		

5. Names and addresses of the affiliates willing to exit from the Network

Sl.	Names and addresses of Affiliates	Firm Registration No
1		
2		
3		

I/ we hereby declare that:

(c) In pursuance to the Clause 8 of the Networking Guidelines for CMA Firms issued by ICMAI, I / we hereby declare my / our exit from the Network w.e.f. ....

(d) I / We hereby declare that I / we have been duly authorised by the other partners to issue this declaration.

Place: .....

Date: .....

Name(s) with Membership No(s) and signature(s) of duly authorized Partner(s) / Proprietor(s) of the affiliates of the Network