

ICAI (MERGER AND DEMERGER OF CA FIRMS) GUIDELINES 2024



COMMITTEE FOR AGGREGATION OF CA FIRMS

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

[Set up by an Act of Parliament]

CHAPTER 1

INTRODUCTION

In exercise of the powers conferred by Section 15(2) (fa) of the Chartered Accountants Act, 1949, as amended from time to time, the Council of the Institute of Chartered Accountants of India hereby makes the following Guidelines, namely: -

1. Short title, applicability and commencement

1. These guidelines are called ICAI (Merger & Demerger of CA firms)Guidelines, 2024.
2. These guidelines are applicable to the firms as defined in section 2(ca) of the Chartered Accountants Act, 1949 as amended from time to time.
3. These guidelines shall be effective from the date of its notification in the gazette of India.

2. Definitions

In these guidelines, unless the context otherwise requires, the following expressions shall have the meaning assigned to it as given hereunder:

- a. **Institute/ICAI:** 'Institute'/ 'ICAI' means the Institute of Chartered Accountants of India established under section 3 of the Chartered Accountants Act, 1949.
- b. **Council:** 'Council' means the Council of the Institute constituted in accordance with Section 9 of the Chartered Accountants Act, 1949.
- c. **Act:** means the Chartered Accountants Act, 1949 (No.38 of 1949) as amended from time to time.
- d. **Committee:** means a Committee of the Council as defined under section 17 of the Chartered Accountants Act, 1949.
- e. **Firm:** shall have the meaning assigned to it in section2(ca) of the Act.

CHAPTER 2

3. Concept & Background of Mergers & Demergers

- i. The Partnership Act, 1932 does not deal with merger & demerger of partnerships. In the corporate world, mergers and demergers have become universal practices for survival, growth, expansion and for achieving multitude of objectives. However, in corporate entities, Merger is understood as the fusion of two or more existing entities. On the other hand, demerger signifies a movement in the company just opposite to merger.

‘Demerger’ is also used to describe hiving off of one or more businesses or services of the operations to achieve efficiency. Mergers and Demergers are necessary processes to improve efficiency and to achieve optimum scale of operations.

- ii. The provisions of section 60 to 62 of the LLP Act 2008 provides for the manner in which compromises or arrangements including mergers and amalgamations involving LLPs shall be followed.
- iii. To incorporate the spirit of Corporate World and to encourage consolidation of smaller firms into bigger units to achieve the scale of Operations, the Council recognised the need for consolidation and aggregation of the existing firms to enable them to operate on a larger scale. The Council used the term Merger and amalgamation inter-changeably and considered the various aspects of the seniority on the mergers of the firms, The same is attached and marked as Appendix 1.

The objects of the mergers is to encourage and develop core competencies and to render professional services on a much larger geographical scale.

- iv. A sole proprietary firm may merge with a sole proprietary, partnership and LLP firm. Likewise, a partnership firm can merge with another partnership and LLP firm. However, a LLP firm cannot merge with a sole proprietary or a partnership firm.

CHAPTER 3

4. Merger

- i. A merger agreement in Form 'MDG 1' is to be filed with the Institute within 30 days from the date of the Merger. The re- constitution agreement/partnership deed shall be filed with the Registrar of Firms/ROC as the case may be.
- ii. Upon the merger of the firm registered with the ICAI, on the request of merging firm/(s), the ICAI will freeze the names of the merging firm/(s) with reference to Section 20 B of the Chartered Accountants Act 1949, unless the request for unfreezing of name with duly filled form "MDG 3" is received.
 - a. Freezing of the CA firm's name as it existed prior to the merger refers to the depositing the names of the merging firm/(s) in the Institute of Chartered Accountants of India (ICAI)'s record, based on the request received.
 - b. Freezing of the firm name ensures that the name of the merging firm is protected and will not be allotted to any other firm.
 - c. The partners/proprietor/ practitioner practicing in individual name (with Firm Registration Number (FRN)) of frozen Firm cannot do any professional activities in such Firm.
 - d. The frozen name may be unfreezed by ICAI at the request of the merging entity during the demerger, subject to the conditions discussed hereinafter, allowing it to restart to operate firms under the same name as it existed prior to the merger. This provides the firms to safeguard their own firm's name along with seniority or the merging firm.
- iii. The process of freezing the firm name during merger and un- freezing the name post-demerger is explained below:

- a. Upon the merger of the firm registered with the ICAI, on the request of merging firm/(s), the ICAI will freeze the names of the merging firm/(s) with reference to Section 20 B of the Chartered Accountants Act 1949 and shall not allot the same names to any other firm/(s) until –
- i. request for unfreezing of firm name is received from the linked and authorized Member Registration Number (MRN).
 - ii. intimation of the decease or retirement of the linked and authorized MRN is received by the ICAI.
 - iii. removal of the linked and authorized MRN from the Register of Firms with reference to Section 20 C of the Chartered Accountants Act 1949.
- b. A certificate of freezing of the firm name will be issued by the ICAI in form 'F' along with the trail of every freezing/unfreezing of the given firm's name.
- c. In case the merged firm changes its entity type post-merger, then the unfreezing of original merged firm name/trade name can be requested upon submission of the demerger/dissolution of the post-merger entity along with duly filed form "MDG 3".
- d. In the event of demerger, the firms which had merged can unfreeze their erstwhile names, allowing them to obtain their original firm name/trade name subject to the provisions contained in chapter 3 of the Merger & Demerger Guidelines.
- e. In case of decease/retirement, unfreezing a firm's name will be processed by filing of Form 'MDG 3' by the concerned firm or intimation to the ICAI by the authorized partner/legal heir.
- f. For unfreezing the firm's name, a duly filled form "MDG 3" will be filed by the demerging firms along with Form "MDG 2" post which a certificate confirming the unfreeze of the firm name will be issued separately by the ICAI alongwith the trail of every freezing/unfreezing of the given firm's name.
- g. For unfreezing the firm's name, consent of 75% of the surviving partners

is required. In case the partners retire or resign over a period of time, they need to intimate the ICAI for change in partners and shall also authorize the remaining partners by way of no objection certificate (NOC) for unfreezing the firm's name in future.

- iv. The firms intending to merge are required to clearly lay down the terms and conditions of the demerger at the time of merger itself or as amended from time to time with the consent of all concerned at that time subject to the condition that it should not be contrary to the Act, Chartered Accountants Regulations, 1988 and merger and demerger guidelines or any other law.
- v. While filing Form 'MDG 1', each of the firm/(s) intending to merge will be required to authorize a Managing Partner and co-authorize a partner, by way of an undertaking, to authenticate the entire process of merger at the Self-Service Portal (SSP) through online mode. However, the originally/digitally signed supporting documents along with Form 'MDG 1' will be required to be uploaded. In case the authorized Managing Partner retires/ deceases during the course of time, the partner co- authorized will authenticate the entire process of demerger at the SSP portal through online mode.

Example: If five firms are merging, then each firm/LLP will authorize one Managing Partner/co-authorize partner to provide OTP (One Time Password) to authenticate the entire process of merger. Thereby, only 5 authorized Managing Partners will be required by SSP to authenticate the process of merger through online mode.

- vi. At the time of joining or retirement of a partner in the merged firm, the joining or the retiring partner will also provide OTP along with authorized managing partner to authenticate the entire process of merger at the SSP Portal through online mode.
- vii. Business processes, which are inherently dynamic in nature, are predominantly driven by technology. The procedure approved by Council for administrative processes from time to time will be followed.

- viii. The authorized Managing partner/(s) or co-authorized partner/ legal heir (in case of retirement/decease of Managing Partner/(s)) respectively) should at all times possess all the documents pertaining to the firm/(s) practice like partnership deed, papers relating to resignation, retirement or joining of partners, employment and relieving of qualified assistants, papers and details regarding the approvals given for any constitution or re-constitution of the firm/LLP, firm/LLP property papers, tax returns, bank signatory details, etc. from time to time which may be called upon by the ICAI in case they are required for any dispute or any enquiry or confirmation required by the ICAI.
- ix. The authorized Managing partner/(s) or co-authorized partner (in case of retirement/decease of Managing Partner/(s)) respectively) should also clearly state to the other merging firms about the restrictions of audit or non-audit works likely to arise on account of Section 144 of the Companies Act, 2013 as well as the non- permissibility of rotation of audit among the merging firms or any issue in code of conduct or ethics or in any Governing law applicable to the firms at the time of merger itself.

CHAPTER 4

5. Demerger

- i. Demerger will be permitted for such entities which have undergone merger in the past. The merger agreement itself shall contain the terms and conditions for demerger. Therefore, no acceptance is required from the continuing partners. The merger agreement shall stipulate that notwithstanding anything contained in the partnership deed to the contrary, in case 75% or more of the continuing partners of one of the erstwhile firm(s) are willing to demerge then they can do so after giving due notice in Form 'MDG 2' to the other partners of the old firm and to the Institute. The applicable provisions of other allied laws like LLP Act, 2008 should be dealt with at the firm's end.
- ii. In case 75% or more of the continuing partners of one of the erstwhile merging firm/(s) have demerged after giving due notice to the other partners, then in such case, the merger shall come to an end for the demerging firm and if the remaining merging firms/partners of the merged firm/(s) decide to continue, then they should enter into a reconstituted Merger Agreement /Partnership Deed.
- iii. Every new joining and leaving of firm from the merged firm will attract all the due procedures as per the applicable provisions. However, events of decease or retirement of a partner shall not amount to demerger. The authorized Managing Partners of the constituent firms will ensure that the incumbent firm is well versed with the original terms and conditions of the merger and demerger and shall get them signed originally/digitally by the said incumbent firm along with submission of Form 'MDG 1' during merger.
- iv. The Demerged Firm/(s) is entitled to practice in its old trade name, which existed at the time of merger. The old trade/firm name can be obtained after 1 year and within 10 years from the date of merger subject to the provisions contained in chapter 3 of these guidelines.
- v. The Constitution Certificate issued by the ICAI to the demerged firm shall state the original date of establishment, the date of its merger and the date of the demerger. For the purpose of computing the seniority of the firm, the

total period will be reckoned from the original date of establishment.

- vi. While filing Form 'MDG 2', each of the authorized Managing Partner at the time of merger by way of an undertaking or any change updated by way of Form 'MDG 3', will be required to authenticate the entire process of demerger at the SSP portal through online mode. However, the originally/digitally signed supporting papers along with Form 'MDG 2' will be required to be uploaded. In case the authorized Managing Partner retires/ deceases, the partner co- authorized will authenticate the entire process of demerger at the SSP portal through online mode.

Example: If 5 firms had merged and 2 firms wish to demerge, then authorized Managing Partner/co-authorized partner will provide OTP to authenticate the entire process of demerger at the SSP. Thereby, only 5 authorized Managing Partners will be required by SSP to authenticate the process of demerger through online mode. The authentication power of the co-authorized partner will be invoked only if the authorized Managing Partner retires/deceases.

- vii. Business processes, which are inherently dynamic in nature, are predominantly driven by technology. The procedure approved by Council for administrative processes from time to time will be followed.

Examples:

Name of Firm	Name of Firm	Name of the new firm	Seniority	Firm name freezed with ICAI and the date of its approval	Demerger date	Name & Date of establishment after unfreezing
A & Co., 2002	B & Co., 2004	A & Co. (Merged in 2024)	Date of establishment will be 2002.	B & Co., D.O.F 2024	2034	B & Co., 2004

C & Co., 2005	D & Co., 2010	D & Co. (Merged in 2025)	Date of establishment will be 2005.	C & Co., D.O.F 2025	2036	Name cannot be un-frozen beyond 10 years from the date of Merger
E & Co., 2005	F & Co., 2010	Y & Co. (Merged in 2026)	After the approval of new name, Y & Co., of the merged firm, Date of establishment will be 2005.	E & Co., & F & Co., D.O.F 2026	2028	E & Co., 2005; F & Co., 2010
G & Co., 2007	H & Co., 2012	Either GH & Co. or HG & Co. (Merged in 2026)	After the approval of revised name GH & Co. or HG & Co. of the merged firm, Date of establishment will be 2007.	Either G & Co. or H & Co. whichever decides to freeze the firm name D.O.F 2026	2035	Either G & Co., 2007 or H & Co., 2012 whichever applied for freezing will be able to unfreeze the firm name

[It is clarified that the FRN which is being continued by the merged entity is required to be specified while applying for merger/demerger with the ICAI]

viii The demerger can be demanded after 1 year and within 10 years from the date of merger subject to the fulfillment of the provisions contained in the chapter 4 of the guidelines and other applicable provisions.

CHAPTER 5

6. Miscellaneous

- i. Individual practitioners (without firm/trade name) are not covered under these guidelines.
- ii. In case of events of death, insolvency, surrender of COP or any of the circumstances mentioned in the provisions contained in Section 20C of the Chartered Accountants Act 1949, the merged entity may not necessarily demerge. Authorized Managing Partner or co- authorized partner/legal heir may intimate the ICAI as per the procedure in vogue and related amendments may be carried out in the written deed by the firm. In case the partners retire or resign over a period of time, they need to intimate the ICAI for change in partners and shall authorize the remaining partners by way of no objection certificate (NOC) for unfreezing the firm's name in future.
- iii. A Grievance Redressal Cell under the aegis of M&SS Directorate will cater to the queries of the firms during merger and demerger process.
- iv. If any difficulty arises in giving effect to the provisions of these Guidelines, the Council may, by general or special-order issue necessary clarifications by circulars which is not inconsistent with provisions of the Act as considered necessary or expedient; for the purpose of removing the difficulty.
- v. The existing rules of Merger and Demerger issued by Council stands repealed. Notwithstanding such repeal, anything done or any action taken or purported to have been done or taken under those rules shall be deemed to have been done or taken under the corresponding provisions of these Guidelines.
- vi. The benefit provided under these guidelines, may also be availed by those firms who got merged before the commencement of these guidelines & have not completed 5 years post-merger.

FORMAT OF MERGER AGREEMENT

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

[See provisions of Chapter 3 of Merger & Demerger Guidelines amongst the firms as defined in section 2(ca) of the Chartered Accountants Act, 1949 registered with the Institute of Chartered Accountants of India]

We, (1)..... (2) (3).....partners of (1)

M/s. A C Co. (2) M/s. B C Co. C (3)

..... execute
this Merger Agreement on this _____ day of _____, at
_____:

1. M/s A & Co., a Partnership/Proprietorship firm of Chartered Accountants having its registered Head Office at _____, duly registered with the Institute of Chartered Accountants of India vide Firm No. _____ in _____ region (which expression shall include its successors, heirs and assigns).

The date of establishment, name of the partners, their membership nos, are as follows:-

(i) Date of establishment

(ii) Name of the Partners Membership No.

I/We, name of the partners/ practitioner practicing in individual name (with FRN), hereby authorize <name of the partner>,<MRN> as the Managing Partner of our firm M/s to:

- (i) authenticate the entire process of merger/demerger at the SSP portal through online mode in conformity with the Merger and Demerger Guidelines.

- (ii) possess, at all times, all the documents pertaining to the firm/(s)/practice like partnership deed, papers relating to resignation or joining of partners, employment and relieving of qualified assistants, papers and details regarding the approvals given for any constitution or re-constitution of the firm, etc. from time to time which may be called upon by the ICAI in case they are required for any dispute or any enquiry or confirmation required by the ICAI.
- (iii) clearly state to the other merging firms about the restrictions of audit or non-audit works likely to arise from Section 144 of the Companies Act 2013 as well as the non- permissibility of rotation of audit among the merging firms or any issue in code of conduct or ethics or in any Governing law applicable to the firms/LLP at the time of merger itself.

I/We also hereby co-authorize, <name of the partner>/, <MRN>/ <legal heir>, <aadhaar number> for performing the following duty in case of retirement or decease of the authorized Managing Partner–

possess, at all times, all the documents pertaining to the firm/(s)/practice like partnership deed, papers relating to resignation or joining of partners, employment and relieving of qualified assistants, papers and details regarding the approvals given for any constitution or re-constitution of the firm, etc. from time to time which may be called upon by the ICAI in case they are required for any dispute or any enquiry or confirmation required by the ICAI.

2. M/s B & Co., a Partnership/Proprietorship firm of Chartered Accountants having its registered Head Office at _____, duly registered with the Institute of Chartered Accountants of India vide Firm No. ____ in _____ region (which expression shall include its successors, heirs and assigns).

The date of establishment, name of the partners, their membership nos, are as follows :-

(i) Date of establishment

(ii) Name of the Partners Membership No.

I/We, name of the partners, hereby authorize <name of the partner>, <MRN> as the Managing Partner of our firm M/s to:

- (i) authenticate the entire process of merger/demerger at the SSP portal through online mode in conformity with the Merger and Demerger Guidelines.
- (ii) possess, at all times, all the documents pertaining to the firm/(s)/practice like partnership deed, papers relating to resignation or joining of partners, employment and relieving of qualified assistants, papers and details regarding the approvals given for any constitution or re-constitution of the firm, etc. from time to time which may be called upon by the ICAI in case they are required for any dispute or any enquiry or confirmation required by the ICAI.
- (iii) clearly state to the other merging firms about the restrictions of audit or non-audit works likely to arise from Section 144 of the Companies Act 2013 as well as the non- permissibility of rotation of audit among the merging firms or any issue in code of conduct or ethics or in any Governing law applicable to the firms/LLP at the time of merger itself.

I/We also hereby co-authorize, <name of the partner>/, <MRN>/ <legal heir>, <aadhaar number> for performing the following duty in case of retirement or decease of the authorized Managing Partner

—

possess, at all times, all the documents pertaining to the firm/(s)/practice like partnership deed, papers relating to resignation or joining of partners, employment and relieving of qualified assistants, papers and details regarding the approvals given for any constitution or re-constitution of the firm, etc. from time to time which may be called upon by the ICAI in case they are required for any dispute or any enquiry

or confirmation required by the ICAI.

3.

Now, therefore, in consideration of mutual promise herein made and the consideration hereunder expressed, the parties hereto mutually covenant and agree as follows:

1. That the name of the merged firm will be _____ and the date of establishment of the merged firm is the date of establishment of the oldest/older firm i.e. _____
2. That this merger will come into force w.e.f. _____ 20XX, whereafter, the merging firm i.e. M/s A & Co., and M/s B & Co. cease to exist and a separate partnership deed has been executed on _____ amongst the partners of the merged firm.
3. That the following persons are the partners of the merged firm:
 - a. Mr._ Membership No. _____
 - b. Mr._ Membership No. _____
 - c. Mr._ Membership No. _____
 - d. Mr._ Membership No. _____
 - e. Mr._ Membership No. _____
 - f. Mr._ Membership No. _____
 - g. Mr._ Membership No. _____
 - h. Mr._ Membership No. _____

I/We, all the partners of the merged firm _____ understand that this merger has the following consequences in pursuance to the decision of the Council of the Institute: -

1. That the name of the following erstwhile merging firms be frozen by the Institute in line with the provisions of chapter 3 of the Merger and Demerger Guidelines:

Firm Name ,

FRN,

Date of Establishment

MRNs (of partners/proprietor)

That the names of the merging firms, <name>, <FRN>, <name>, <FRN>, <name>, <FRN>, are being frozen with the Institute and will not be used for any purposes until they are unfrozen subject to the fulfillment of provision of chapter 3 and other applicable provisions of the Guidelines. It is also ensured that UDINs of all the assignments have been duly generated and no professional work, whatsoever, will be carried out in the said firm's name until the said firm/(s) name is unfrozen following stated procedure.

2. And in case 75% or more of the continuing partners of one or more erstwhile merging firm(s) are willing to demerge, they may demerge after giving due notice and will be entitled to the following benefits :
 - (i) They shall be entitled to the total seniority acquired i.e. their earlier pre-merger seniority and the years during which they were in merged firm.
 - (ii) They are entitled to their old firm's name in line with the provisions of chapter 3 of the Merger and Demerger Guidelines.

Provided in case, 75% is a fraction, then the same shall be rounded off to the next number.

3. That the date of establishment of the new demerged firm shall be the original date of establishment.
4. That to effectuate such demerger, no concurrence/acceptance is required from the other continuing partners of the merged firm. The partners of such demerged firm shall execute a partnership deed. The merged firm as well as the demerged firm shall submit fresh Form 18 as prescribed under the Chartered Accountants Regulations, 1988 to the ICAI within the prescribed period.
5. Notwithstanding anything contained in the partnership deed to the contrary, in case of 75% or more of the continuing partners of one of the erstwhile merging firm have demerged after giving due notice to the other partners, then in such case, the merger shall come to an end for the demerging firm and if the remaining merging firms/partners of the merged firm/(s) decide to continue, then they should enter into a

reconstituted Merger Agreement /Partnership Deed and shall submit fresh Form 18 as prescribed under the Chartered Accountants Regulations, 1988 to the ICAI within the prescribed period.

6. That the demerger in the manner hereinbefore mentioned can be demanded after 1 year and within 10 years from the date of merger subject to the fulfillment of the provisions contained in chapter 4 of the Merger and Demerger Guidelines.

IN WITNESS WHEREOF, the Partners of the Merged firm
M/s..... hereto set their hands on this agreement in the
presence of the witnesses.

WITNESSES :

- | | |
|----|-------------|
| 1. | (i)_____ |
| 2. | (ii)_____ |
| | (iii) _____ |
| | (iv)_____ |
| | (v)_____ |
| | (vi)_____ |
| | (vii)_____ |
| | (viii)_____ |

Partners of M/s.....

NOTICE FOR DEMERGER

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

**[See provisions of Chapter 4 of Merger and Demerger Guidelines
amongst the firms as defined in section 2(ca) of the Chartered
Accountants Act, 1949 registered with The Institute of Chartered
Accountants of India]**

1. We the following persons

Name(s)	Membership No.(s)
—	—

being authorized managing partners/co-authorized partner/legal heir
of M/s _____ which merged with the firm M/s _ _as per
merger agreement dated _____ willing to demerge with effect
from _____

2. We are the partners of the erstwhile Merging firms, M/s
merged with M/s. _ &
constitute the merged firm _____ with effect
from _____. The said firm/LLP name was frozen
with the ICAI in line with the provisions of chapter 3 of the
guidelines. The Merger Agreement dated _____ and Form
18 were filed before the ICAI on _____

3. We constitute 75% or % of the continuing partners of the erstwhile
firm M/s.

4. We desire that our pre-merger name that was frozen with the ICAI
on 2XXX be un-froze and allotted to us.

Place:

Date:

Signature of all the Partners of the Erstwhile
Firm M/s. willing to demerge.

UNFREEZING OF FIRM NAME**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

[See provisions of Chapter 3 and 4 of Merger and Demerger Guidelines amongst the firms as defined in section 2(ca) of the Chartered Accountants Act, 1949, registered with the Institute of Chartered Accountants of India]

1. I/We, the authorized managing partners, and co-authorized partners/ legal heirs of the erstwhile Merging firm/LLP,

Name(s)

Membership No.(s)

, which merged with the firm/LLP M/s as per merger agreement dated _____ and Form 18 that was filed before the ICAI on froze the name of the erstwhile firm/LLP with the ICAI on 2XXX as per (certificate no.) in line with the provisions of Merger and Demerger Guidelines. The certificate confirming freeze of the firm name issued by the ICAI is being attached herein.

2. I/We, the partners of the erstwhile firm M/s, _____ applied for freezing the firm's name,

(i)	Name	Membership No.
(ii)	Name	Membership No.
(iii)	Name	Membership No.
(iv)	Name	Membership No.
(v)	Name	Membership No.
(vi)	Name	Membership No.
(vii)	Name	Membership No.
(viii)	Name	Membership No.

Out of the aforementioned MRNs of the erstwhile firm, the undersigned are the surviving partners, applying for the unfreezing of firm name,

- | | |
|---------|----------------|
| a. Name | Membership No. |
| b. Name | Membership No. |
| c. Name | Membership No. |
| d. Name | Membership No. |
| e. Name | Membership No. |
-
3. I/We, 75% of the surviving partners of our firm/LLP <name>, hereby confirm to the unfreeze the firm name. Additionally, partners who retired or resigned over a period of time have duly authorized the us (remaining partners) by way of a No Objection Certificate (NOC) for the unfreezing of the said firm's/LLP's name, attached herein.

 4. I/We, hereby undertake that we possess all the documents pertaining to the erstwhile firm/LLP like partnership deed, papers relating to resignation or joining of partners, employment and relieving of qualified assistants, papers and details regarding the approvals given for any constitution or re- constitution of the firm, etc. from time to time which may be called upon by the ICAI in case they are required for any dispute or any enquiry or confirmation required by the ICAI

 5. I/We, hereby confirm that the firm has been demerged with effect from in accordance with the terms and conditions stipulated in the merger deed and in compliance with the 'Merger and Demerger Guidelines' and all other relevant laws and regulations.

 6. I/We desire that our pre-merger name that was frozen with the ICAI as per (certificate no.) be un-froze and allotted to us.

 7. I/We hereby undertake to comply with all legal obligations and requirements with respect to the unfreezing of the firm/LLP's name.

Place: _____

Date: _____

Signature of all the partners of the erstwhile firm/LLP

M/s _____ willing to unfreeze the firm/LLP name

Appendix 1

Council Decision on Change in Firm name/Seniority of firms

Prepared on the basis of Council Decisions of 198th Meeting held from 25-27th February, 1999 & 223rd Meeting held from 2 - 5th February, 2002 & 280th Meeting held from 7 - 9th August, 2008 and 28 - 29th August, 2008.

<u>PARTICULARS OF CASES</u>	<u>SENIORITY</u>	<u>DATE OF EFFECT</u>
<p>I. <u>Proprietor of firm:</u></p> <p>A member practicing as a sole proprietor in a trade name, admits one or more members as partners thereby constituting a firm, and</p> <p>i. The firm name is the same trade name</p> <p>ii. The firm name is different from the trade name</p>	<p>The date of establishment of practice in the trade name.</p> <p>The date of approval of the firm name or the date of establishment of the firm in the firm name, whichever is later.</p>	<p>27.2.1999</p> <p>27.2.1999</p>
<p>II. <u>Death of the individual member</u></p> <p>If the member practicing in a trade name dies and if the trade name is sold/assigned to another member and if the other member practices (either as sole proprietor or in partnership with others) immediately after such sale/ assignment</p> <p>i. In the same trade name</p>	<p>Date of establishment as recognized by the Institute in the case of the deceased member if the sale/assignment is made (within one year from the</p>	<p>27.2.1999</p>

ii. In the new trade/firm name	<p>date of the death of the member.</p> <p>The date of approval of the new trade/ firm name or the establishment of practice under new trade/firm name by other member/members whichever is later.</p>	27.2.1999
<p>III. <u>Partnerships Firms</u></p> <p>(a) Firm consisting of two partners- If one of the partners retires/dies and if the remaining partner continues either as sole proprietor or in partnership with others</p>		27.2.1999
i. In the same firm name	There is no change in the date of the establishment of the firm.	27.2.1999
ii. In a new firm name	Date of approval of new firm name or the date of establishment of the firm under the new firm name whichever is later.	
(b) Firm consisting of more than two partners- If one or more of the partners dies/retires and the remaining partners continue to practice in the same firm name with or without dissolution	There is no change in the date of the establishment of the firm.	
<p>IV. <u>Merger or Amalgamation of two or more firms.</u></p> <p>If two or more firms merge/amalgamate, the new firm after merger/amalgamation practices.</p>		
i. In the firm name of	Date of establishment of the firm, will be the oldest date	

<p>one of the merged firms</p> <p>ii. In a new firm name, in cases where the existing firm is seeking change of firm name and approval thereof.</p>	<p>of establishment,</p> <ol style="list-style-type: none"> 1. Change of name from the date of approval. 2. There is no change in the date of establishment. The old trade/firm name will be frozen in the Institute's records based on the request received and unfreeze of the name will also be done on request basis. 	
<p><u>V. Change in trade/firm name</u></p> <p>The member/firm continues the practice (with or without change in constitution) with the change in trade/firm name.</p>	<ol style="list-style-type: none"> (i) Change of name from the date of approval. (ii) There is no change in the date of establishment. The old trade/firm name will be frozen in the Institute's records for three years from the date of approval of the new trade/firm name. In the constitution certificate issued by the Institute during that period of three years, the name will be mentioned as "M/s..... (formerly known as M/s.....)" <p>During that period of three years, the firm will be given the option to have its original name at the choice of all the partners only if all those partners so apply to the Institute in the prescribed manner.</p>	27.2.1999

Note:

1. Trade name: The name in which the member practices as a sole proprietor.
2. Firm name: The name in which the firm practices.
3. 'Trade name' and 'Firm name' are the names as approved by ICAI.
4. Merger/amalgamation is a term not applicable to firms under the Partnership Act. It is the reconstitution of firm by addition/deletion of partners. The principles applicable to any reconstitution will, therefore, apply in these cases.