



## Azadi Ka Amrit Mahotsav Activity

“Sky High- Symposium -25 Webinar” conducted by Women Members Empowerment Committee of ICAI on 12<sup>th</sup> October 2022

**The Institute of Chartered Accountants of India**  
(Set up by an Act of Parliament)

**Women Members Empowerment Committee Organises**

**Sky High - Symposium-25**  
Live Webinar  
for Women by Women Every Wednesday

**12<sup>th</sup> Oct, 2022**  
5.00 PM to 7.00 PM

FEES NIL

2 CPE Hours Unstructured

Registration and participation link:  
<http://live.icai.org/wmec/12102022/>

Questions related to the topic may be sent in advance at [wmec@icai.in](mailto:wmec@icai.in) or LIVE at the time of Program itself at the same link

**Speakers:**

- CA. Sudha G Bhushan: Investment Outside India- New Regulatory Framework
- CA. Priya Bhansali: Introduction to Revised Code of Ethics
- CA. Sripriya Kumar: Welcome Address (Chairperson, WMEC & CL&CGC Vice-Chairperson, IBC Committee)
- CA. Priti Paras Savla: Introductory Remarks (Vice-Chairperson, WMEC, CL&CGC, Sustainability Reporting Standards Board)

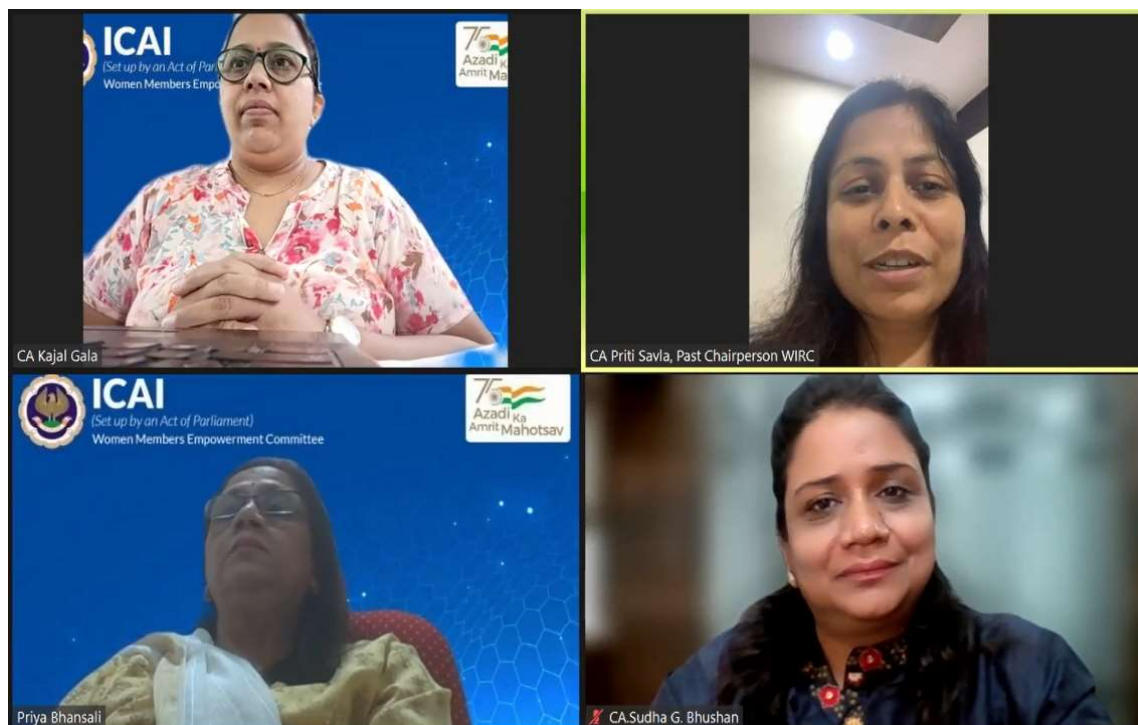
**Co-ordinators:**

- CA. Sarika Chordiya
- CA. Kajal Sanjay Gala
- CA. Shruti Savla
- CA. Teena Goswami

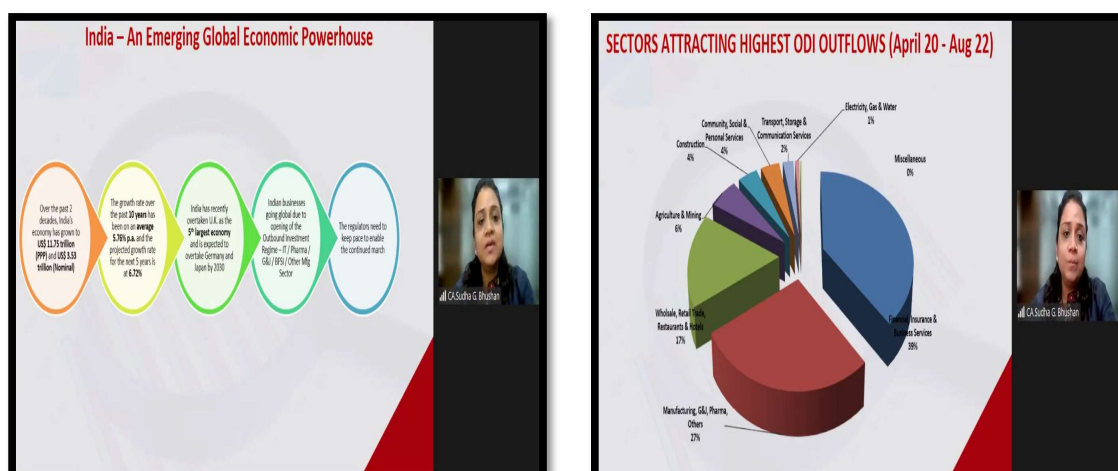
As part of country wide Azadi ka Amrit Mahotsav initiatives, envisaged by Government of India, to commemorate and celebrate 75 years of India's Independence, the Women Members Empowerment Committee (WMEC) of ICAI organized “Sky High- Symposium -25 Webinar” on 12<sup>th</sup> October 2022.

CA. Sudha G Bhushan and CA. Priya Bhansali were speakers of the said webinar. Coordinators for the day were CA. Sarika Chordiya, CA. Kajal Sanjay Gala, CA. Shruti Savla and CA. Teena Goswami.

The webinar was conducted by CA. Priti Savla- Vice-Chairperson, WMEC.



The webinar covered discussion on “Investment Outside India- New Regulatory Framework”. Deliberations were made on India ODI Outlook, Sectors attracting highest ODI outflows, Countries attracting ODI, Governing Regulations in New Framework, Significant Changes, Framework of Overseas Investments, Relevant extracts from Rules, Foreign Entity, Strategic Sector, etc.



## GOVERNING REGULATIONS (ERSTWHILE)

Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004

Master Direction - Direct Investment by Residents in Joint Venture (JV) / Wholly Owned Subsidiary (WOS) Abroad

31 August 2022

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## THE CHANGE

Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004

Master Direction - Direct Investment by Residents in Joint Venture (JV) / Wholly Owned Subsidiary (WOS) Abroad

31 August 2022

Foreign Exchange Management (Overseas Investment) Rules, 2022  
• Central Government

Foreign Exchange Management (Overseas Investment) Regulations, 2022  
• RBI

Foreign Exchange Management (Overseas Investment) Directions, 2022  
• RBI

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## GOVERNING REGULATIONS IN NEW FRAMEWORK

Foreign Exchange Management (Overseas Investment) Regulations, 2022  
• Notified by Reserve Bank of India

Foreign Exchange Management (Overseas Investment) Rules, 2022  
• Notified by Central Government

Foreign Exchange Management (Overseas Investment) Directions, 2022  
• By Reserve Bank of India

Subsequent amendment in the Master Directions on Reporting under FEMA. New forms have been introduced.

Amendment in Master Direction on Liberalised remittance Scheme

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## SIGNIFICANT CHANGES

Definition of Overseas portfolio investment introduced

enhanced clarity with respect to various definitions

Introduction of the concept of "strategic sector"

Deferred consideration allowed

Only NOC needed for investment for entities under investigation

Major liberalization in ODI - FDI Structure

Done away of RBI approval in cases of write-off on account of disinvestment;

introduction of "Late Submission Fee (LSF)" for reporting delays.

Arms Length price introduced

Overall simplifies the procedures and rationalizes the Regulatory framework

New forms for reporting notified

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## Framework of Overseas Investment

Who can Invest

How much can be invested

In what manner can it be invested

What funds can be used

In what entity investment can be made

Obligations of party making investment

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## Relevant Extracts from Rule

Save as otherwise provided in these rules or the Foreign Exchange Management (Overseas Investment) Regulations, 2022, any investment made outside India by a person resident in India shall be made in a foreign entity engaged in a bona fide business activity, directly or through step down subsidiary or the special-purpose vehicle, subject to the limits and the conditions laid down in these rules and the said regulations:

Provided that the structure of such subsidiary or step down subsidiary of the foreign entity shall comply with the structural requirements of a foreign entity: any investment made outside India by a person resident.....

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The webinar also covered Session on "Introduction to Revised Code of Ethics". Topics discussed were Meaning of Ethics, History of Code of Ethics, Volume I of Code of Ethics, Complying with the Code- Section 100, How to use the Code, The Fundamental Principles- Section 110, The Conceptual Framework- Section 120, Threats Identification, Evaluation of Threats, etc.

### 3 ETHICS

- **ethics**, also called **moral philosophy**, the discipline concerned with what is morally good and bad and morally right and wrong. The term is also applied to any system or theory of **moral values or principles**. – Britannica
- a **system of accepted beliefs that control behavior, especially such a system based on morals**: – Cambridge Dictionary
- Every profession has a Code of Ethics



### HISTORY OF CODE OF ETHICS - ICAI

- The first edition of Code – 1963
- Almost every three years the editions were updated except with a gap from 1995 – 2001. Thereafter the editions were updated as and when necessary and the 12<sup>th</sup> Edition was released in 2019
- The ICAI fell in line with International Ethics Standards Board for Accountants (IESBA) & the new code of ethics was made effective 1<sup>st</sup> July 2020.



### COMPLYING WITH THE CODE – SECTION 100

- R100.3 – PA shall comply with the code
- R100.4 – Breach of the code – R400.89 and R900.50 to R900.55 address a breach of Independence Standards. If breach is identified, PA shall take action to address the consequences satisfactorily and determine to report to the relevant parties.



### HOW TO USE THE CODE

- In this Code, 2 letters are crucial:
  - A** – provides context, explanations, suggestions for actions or matters to consider, illustrations and other guidance relevant to a proper understanding of the Code -100.1 – A1, 100.2 – A1 and A2
  - R** – Imposes Obligations: R100.3, R100.4 R110.2 and so on... "shall", "may" "might" ##
- Every Section – starts with - Professional accountants are required to comply with the fundamental principles and apply the conceptual framework set out in Section 120 to identify, evaluate and address threats.



### THE FUNDAMENTAL PRINCIPLES – SECTION 110

- 110.1 – A1 - 5 Fundamental Principles –
  - Integrity - Subsection 111
  - Objectivity - Subsection 112
  - Professional Competence and due care – Subsection 113
  - Confidentiality – Subsection 114
  - Professional Behavior – Subsection 115
- R110.2 - A professional accountant shall comply with each of the fundamental principles.



### THE CONCEPTUAL FRAMEWORK – SECTION 120

- Specifies approach by a PA
  - Identify Threats to compliance with the fundamental principles
  - Evaluate the Threats
  - Address the threats by elimination or reduction to acceptable level
- R120.5 obligates us to exercise professional judgment, remain alert to new information and changes in facts and circumstances and use reasonable and informed 3<sup>rd</sup> party test



### THREATS IDENTIFICATION

<b>SELF-INTEREST</b> PA could benefit from financial interest and influence judgment as auditor	<b>ADVOCACY</b> PA promotes a client or organization position its objectivity is compromised	<b>FAMILIARITY</b> PA becomes too friendly with client by working for client for significant number of years	<b>SELF-REVIEW</b> PA is in position of reviewing work they are responsible for	<b>INTIMIDATION</b> PA is subject to intimidation that will deter from acting objectively
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120.6 A4 - A circumstance might create more than one threat, and a threat might affect compliance with more than one fundamental principle

Also **communicating** with those charged with governance (TCWG)



### EVALUATION OF THREATS

- Acceptable Level
- Relevant Factors to evaluate the threats
- Consideration of new information or changes in facts and circumstances
- Address the threats – R120.10 - **Eliminate the circumstances, Apply safeguards or decline the professional activity**
- R120.11 – Judgements made and conclusions reached and documentation of the same if the assignment is accepted in spite of threats and how the threats are eliminated. (reduced)





The webinar concluded by giving Vote of Thanks to the Speakers and the participants.

Glimpses of the Webinar held on 12<sup>th</sup> October 2022

