

Exposure Draft

Proposed Merger & Demerger Guidelines

[Last Date for comments is 6th June 2024]



Issued by
Committee for Aggregation of CA Firms
The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)

Exposure Draft on proposed Merger & Demerger

Guidelines for public comments

Committee for Aggregation of CA Firms (CACAF) has been constituted in 2024-25 to make concerted efforts to study, review and revise various guidelines pertaining to CA firms among others. Merger & Demerger Rules came into force with effect from 6th January 2005. In order to keep pace with the changing operating and professional environment, it was felt that the same needs review and revision. The Committee has proposed amendments in Merger & Demerger Guidelines and seeks suggestions on the same.

In the point 5 (viii) and (iv), chapter 4 of the proposed Merger & Demerger Guidelines, a firm can demerge at any point of time after 1 year of merger and is entitled to practice in its old trade name, which existed at the time of merger subject to the fulfillment of the relevant provisions contained threat.

The CACAF invites comments on the below mentioned specific question as well as any aspect of this Exposure Draft:

Question for respondents:

Do you agree with removal of the time limit of 5 years within which the firm can demerge and obtain the original trade/firm name of its erstwhile firm made in chapter 4 point 5 (viii) and (iv) of the proposed Merger & Demerger Guidelines? If not, why?

The comments on the aforesaid Exposure Draft may be sent at <https://forms.gle/c66Bnxt5YhpieQkEA> or at cacaf@icai.in latest by 6th June 2024. Comments are most helpful if they contain a clear rationale and, where applicable, provide specific suggestions.

You can also scan the QR Code for giving your comments.



EXPOSURE DRAFT ON PROPOSED MERGER & DEMERGER GUIDELINES

The draft proposed amendments in the Merger and Demerger Guidelines are in track change format for the ease of identifying the amendments made in existing Merger and Demerger Rules. It may be noted that new text is underlined and deleted text is struck through.

PROPOSED AMENDMENTS IN MERGER AND DEMERGER GUIDELINES



COMMITTEE FOR AGGREGATION OF CA FIRMS

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

[Set up by an Act of Parliament]

PROPOSED AMENDMENTS IN MERGER AND DEMERGER GUIDELINES
Rules of Merger & Demerger

CHAPTER 1

INTRODUCTION

PROPOSED AMENDMENTS IN MERGER AND DEMERGER GUIDELINES

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 prescribes the following Guidelines, namely:-

1. Short title, applicability and commencement

- (1) These guidelines are called Merger & Demerger Guidelines.**
- (2) These guidelines are applicable amongst the firms/ LLP or members holding Certificate of Practice on full time basis, without any break, and practicing in individual names (with firm/trade name approval) registered with the Institute of Chartered Accountants of India.**
- (3) It will be effective from the date of publication of notification in gazette of India.**

2. DEFINITIONS

In these guidelines, unless the context otherwise requires, the following expression shall have the meaning assigned to it in the respective definition:

- 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).

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 section 2(ca) of the Act.

CHAPTER 2

3. CONCEPT & BACKGROUND OF MERGER & DEMERGER

~~i. 1. These rules are called Rules of Merger & Demerger amongst the Firms registered with The Institute of Chartered Accountants of India.~~

~~ii.—~~

~~iii.2. Concept of Merger & Demerger:~~

~~iv.—~~

i. The Partnership Act, 1932 has not prescribed merger & demerger of partnerships. In the corporate world, mergers and demergers have become universal practices for securing survival, growth, expansion and globalization of enterprise and achieving multitude of objectives. However, in corporate entities, Merger is understood as the fusion of two or more existing companies. On the other hand, demerger signifies a movement in the company just opposite to merger. `Demerger' is also used to describe spinning off of an "undertaking" of a Corporate entity. The concept of `Merger', `Demerger' & `Acquisition' are arising out of the `Arrangement' under Sections 230-240 391-394 of the Companies Act, 19562013. Merger and Demerger are natural corollary of globalization.

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 imbibe the consolidation creed, the Council used the term `merger' and `amalgamation' of CA firms. The Council in its 198th Meeting held from 25th to 27th February, 1999 and in 223rd Meeting held from 2nd to 5th February, 2002 considered the Seniority and Mergers of the firm and implications of the decisions.

The mergers should be effected to develop core competencies and to render professional services of a larger range spread over bigger geographical area.

iv. For the purpose of merger, the sole proprietary firm can merge with a sole proprietary, partnership and LLP firm. Likewise, a partnership firm can merge with a partnership and LLP firm. However, a LLP firm cannot merge with a sole proprietary or a partnership firm.

~~In order to have an orderly and sustainable growth of the CA firms, it is desirable that the coming together of the firms begins with networking and then matures to mergers. Networking will enable the firms to develop working relationships with each other. However, it is not to suggest that there cannot be mergers without networking.~~

~~The mergers should be effected to develop core competencies and to render professional services of a larger range spread over bigger geographical area. A merged big entity will always be superior to a network arrangement.~~

CHAPTER 3

1.4. ~~3.~~ **MERGER**

(+) i. To effectuate merger, a merger agreement in Form '**MDG 1E**' (enclosed) is to be filed with the Institute within 30 days from the date of the agreement. The re-constitution agreement/partnership deed shall be filed with the Registrar of Firms /ROC as per the applicability.

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) unless the request for unfreezing of name with duly filled form "MDG 3" is received.

a. Freezing of the CA firm's name during the merger refers to the depositing the name 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 unless the request for unfreeze of name is received.

c. The facility of freezing the name of the firm/(s) is only for the purpose of Merger. That is, freezing of a firm name can be availed only when the firm is merging with another firm.

d. The _____ partners/proprietor/full-time practitioner practicing in individual name (with Firm Registration Number (FRN)) of frozen Firm cannot do any professional activities in such Firm.

b.e. The frozen name can be later un-

freezed by the merging firm during the demerger, subject to the conditions discussed below, allowing it to continue to operate under the same name as before the merger. This provides the firms to safeguard their own firm's name along with seniority.

iii. The process of freezing the firm name during merger and un-freezing the firm 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) 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 along with the trail of every freezing/unfreezing of the given firm's name.

b.g. For unfreezing the firm's name, consent of all the surviving partners who originally/digitally applied for freezing firm's name 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.

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 papers 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/legal heir 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.

iv-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.

v-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 Competent Authority 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

2.5. ~~4.~~ DEMERGER

(i). Demerger will be permitted for such entities which have undergone merger in the past. The merger has to precede the demerger.—The merger agreement itself shall contain the terms and conditions for demerger. Therefore no concurrence/acceptance is required from the continuing partners. The merger agreement shall stipulate that 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 2F' (enclosed) to the other partners 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 and if the remaining erstwhile merging firms/partners of the erstwhile merged firm/(s) decided to continue, then they should enter into a fresh Merger/Partnership Agreement.

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.

ii.

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 at any point of time subject to the provisions contained in chapter 3 of these guidelines.

v. The Constitution Certificate issued by the **Institute 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.

iii-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/legal heir 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 legal heir/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/legal heir 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:

<u>Name of Firm</u>	<u>Name of Firm</u>	<u>Name of the new firm</u>	<u>Seniority</u>	<u>Firm name frozen with ICAI and the date of its approval</u>	<u>Demerge r date</u>	<u>Name & Date of establishment after unfreezing</u>

<u>1. A & Co., 2002</u>	<u>B & Co., 2004</u>	<u>A & Co. (Merged in 2024)</u>	<u>Date of establishment will be 2002.</u>	<u>B & Co., D.O.F 2024</u>	<u>2028</u>	<u>B & Co. 2004</u>
<u>2. C & Co., 2005</u>	<u>D & Co., 2010</u>	<u>D & Co. (Merged in 2025)</u>	<u>Date of establishment will be 2005.</u>	<u>C & Co., D.O.F 2025</u>	<u>2029</u>	<u>C & Co. 2005</u>
<u>3. E & Co., 2005</u>	<u>F & Co., 2010</u>	<u>Y & Co. (Merged in 2026)</u>	<u>After the approval of new name Y & Co. of the merged firm, Date of establishment will be 2005</u>	<u>E & Co., and F & Co., D.O.F 2026</u>	<u>2028</u>	<u>E & Co., 2005</u> <u>F & Co., 2010</u>
<u>4. G & Co., 2007</u>	<u>H & Co., 2012</u>	<u>Either GH & Co. or HG & Co.</u>	<u>Date of establishment will be 2007.</u>	<u>No freezing (Since merged firm comprises of both the firms, hence none of the firm is freezing the name.)</u>	<u>2027</u>	<u>N/A</u>

(viii) The demerger can be demanded within a period of 5 years from the date of merger, at any point of time after 1 year 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 approval) 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 will be established under the aegis of M&SS Directorate to cater to the queries of the firms during merger and demerger and to resolve the issues.

iv. The rules of condonation including condonation fees as decided by the Council will be applicable in case of delays in compliances in respect of merger and demerger of firms.

FORMAT OF MERGER AGREEMENT

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

[See provisions of Chapter 3 of Merger & Demerger Guidelines amongst the firms/LLPs or members holding Certificate of Practice on full time basis, without any break, and practicing in individual names (having obtained firm/trade name approval) registered with the Institute of Chartered Accountants of India]

~~[See Rule 3 of Rules of Merger & Demerger amongst the firms registered with The Institute of Chartered Accountants of India]~~

We, (1)..... (2) (3) partners of (1) M/s. A & Co. (2) M/s. B & Co. & (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/full-time practitioner practicing in individual name (with FRN), hereby authorize _____ <name of the partner>, <MRN> as the Managing Partner of our firm M/s _____ to:

a. authenticate the entire process of merger/demerger at the SSP portal through online mode in conformity with the Merger and

Demerger Guidelines.

- b. 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 Competent Authority in case they are required for any dispute or any enquiry or confirmation required by the ICAI.
- c. 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 all the duties above in case of retirement or decease of the authorized Managing Partner.

(iii)

(iii)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 :-

(iv)(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:

- a. authenticate the entire process of merger/demerger at the SSP portal through online mode in conformity with the Merger and Demerger Guidelines.
- b. 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 Competent Authority in case they are required for any dispute or any enquiry or confirmation required by the ICAI.
- c. 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 all the duties above in case of retirement or decease of the authorized Managing Partner.

(v)

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:

Mr. _____	Membership No. _____
Mr. _____	Membership No. _____
Mr. _____	Membership No. _____
Mr. _____	Membership No. _____
Mr. _____	Membership No. _____
Mr. _____	Membership No. _____
Mr. _____	Membership No. _____
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 unfroze following stated procedure.

~~That the name of the erstwhile merging firms will be frozen by the Institute.~~

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 demerger_.~~

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 ~~Institute-ICAI~~ within the prescribed period.

5. 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 and if the remaining erstwhile merging firms/partners of the erstwhile merged firm decided to continue, then they should enter

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

6. ~~That the demerger in the manner hereinbefore mentioned can be demanded at any point of time after 1 year of merger subject to the fulfillment of the provisions contained in chapter 4 of the Merger and Demerger Guidelines. That the demerger in the manner hereinbefore mentioned can be demanded only within a period of 5 years from the date of merger.~~

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) _____ |
| | (ii) _____ |
| | (iii) _____ |
| | (iv) _____ |
| | (v) _____ |
| 2. | (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/LLPs or members holding Certificate of Practice on full time basis, without any break, and practicing in individual names (having obtained firm/trade name approval) registered with The Institute of Chartered Accountants of India]

~~1. [See Rule 4(i) of Rules of Merger and Demerger amongst the firms registered with The Institute of Chartered Accountants of India]~~

~~2.~~

~~3. _____ Pe~~

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 _____

4. 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 Institute-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.

~~4. This demerger is within a period of 5 years from the date of merger.~~

~~5. We desire that our pre-merger name be allotted to us.~~

Place:

Date:

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

Form ` MDG 3 `

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/LLPs or individual practitioner (having obtained firm/trade name approval) 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, all the surviving partners who originally applied for the freezing 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 Competent Authority 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**

- 1.**
- 2.**