



To,
General Manager
Division of Funds 1
Investment Management Department
Securities and Exchange Board of India
SEBI Bhavan, Plot No. C4-A, G-Block,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400 051

30th January, 2020

Via email to: sebiria@sebi.gov.in

Sub: Consultation Paper on Review of Regulatory Framework for Investment Advisers (IA)

At the outset, we, at Indian Association of Investment Professionals (IAIP), a member society of the CFA Institute, appreciate the opportunity to submit our response to the **CONSULTATION PAPER ON REVIEW OF REGULATORY FRAMEWORK FOR INVESTMENT ADVISERS (IA)**.

IAIP is an association of over 2000 local investment professionals who are CFA charterholders and about 4000+ professionals who have cleared exams, eligible and awaiting charter. The Association consists of valuation professionals, portfolio managers, security analysts, investment advisers, and other financial professionals that promote ethical and professional standards within the investment industry, facilitate the exchange of information and opinions among people within the local investment community and beyond, and work to further the public's understanding of the CFA designation and investment industry.

CFA Institute is a global non-profit association of investment professionals with over 164,000 members in over 165 countries. In India, the community of CFA charterholders is represented by the Indian Association of Investment Professionals (CFA Society India).

Through our global research and outreach efforts, CFA Societies around the world endeavour to provide resources for policy makers, financial services professionals and their customers in order to align their interests. Our members engage with regulators in all major markets.

The Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (IA Regulations) were transformative to the profession of investment advisory and wealth management and we support SEBI's efforts to ensure that the regulations are updated and remain relevant as markets and technology continue to evolve. With regards to the above-mentioned consultative paper, we would like to propose a few suggestions consistent with our objective to promote fair and transparent global capital markets and to advocate for investor protection. We had also responded to SEBI's previous three consultation papers on this topic¹.

¹ Our response dated 04/11/2016:

<https://www.cfasociety.org/india/Submission/IAIP%20Response%20to%20Investment%20Advisor%20Regulations.pdf>

Our response dated 31/07/2017:

<https://www.cfasociety.org/india/Submission/IAIP%20Response%20to%20Investment%20Advisers%20Regulations.pdf>

Our response dated 22/01/2018:

<https://www.cfasociety.org/india/Submission/CFA%20Society%20India%20Response%20to%20Amendments%20to%20Investment%20Advisers%20Regulation.pdf>



We would be happy to hear and discuss the merits / demerits of suggestions proposed by other practitioners and request to be included in the deliberation process.

Our perspectives on several considerations that we believe SEBI should bear in mind as it continues to review and update the IA Regulations are mentioned below.

A. Details of our Organisation:

1. **Name:** Indian Association of Investment Professionals (CFA Society India)
2. **Contact number:** +91 98196 30042
3. **Email address:** advocacy@iaipirc.org
4. **Postal address:** 702, 7th Floor, A Wing, One BKC Tower, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051

B. Key Contributors:

Vivek Pai, CFA	Nikhil Khandelwal, CFA	Pramod Saraf, CFA	Ankur Kapur, CFA	Jatin Khemani, CFA
Ujjwal Jain, CFA	Prakash Shirke, CFA	Shruti Agrawal, CFA	Sumit Duseja, CFA	Vikas Jain, CFA
Soham Das, CFA	Rambabu Chollangi, CFA	Kshitiz Jain, CFA	Uday Dhoot, CFA	Devan Furia, CFA

C. Suggestions / Comments:

Name of Organisation: Indian Association of Investment Professionals (CFA Society India)			
Sr. No.	Proposals	Comments/Suggestions	Rationale
1.	Page Nos 3, 4 Para Nos 3.1.3, 3.1.4, 3.1.5, 3.1.6	Partially Agree Although the proposal in para no 3.1.5 to create a level playing field for individual IAs is welcome, we disagree with the approach suggested. This step would be a deviation from the long-term pursuit of developing a conflict-free environment in the investment advisory industry where only the pay-for-advice model should exist. SEBI should continue to stay focused on pushing for the wider acceptance of the fiduciary business of RIAs and slowly over a timeframe of about 7 years or so do away with the distribution model that currently exists, thereby requiring advisers to rely only on a pay-for-advice model for revenues. Distribution services (with commissions and other inducements) cannot be allowed to continue forever.	Allowing IAs to provide both advisory and distribution services under the same group or family would be a retrograde step and hamper the confidence and hope of moving towards an environment in India where any kind of commissions and other inducements (monetary or non-monetary) received by advisers should be completely banned and investors' interests should always come first. Prescribing client level segregation at group/family level such that a client can only be charged for any one of the services provided and not both seems fair, but it doesn't meet the goal of completely doing away with the potential and actual conflicts of interests arising out of such a setup. It is also not clear how SEBI is going to ensure that different types of clients and their entities serviced by an adviser will be treated as one client and client-level segregation will be followed in the spirit of the law.



2.	<p>Page No 5</p> <p>Para Nos 3.2.4, 3.2.5, 3.2.6</p>	<p>Partially Agree</p> <p>Theoretically this proposal sounds good, but implementation and enforcement will not be easy. Products other than mutual funds will be complicated. SEBI will have to ensure that investors are not charged in multiple ways and that there are no loopholes in the system. SEBI should allow for direct mode of investing in other product categories within its own jurisdiction, such as AIF, PMS, Bonds, etc. Moreover, SEBI should also work with other regulators like IRDAI to introduce direct codes in other products which are beyond SEBI's jurisdiction.</p>	<p>Although the intention behind this proposal is to help make IAs a one stop shop and eliminate the ambiguity around implementation for the clients, it is not clear how execution services can be provided for all those products in which a direct mode of investing is not available yet. The proposal to disallow an IA to receive any inducement or kickback in any form or to charge any kind of fee for rendering implementation/execution services is valid as it is aimed to help in mitigating conflicts of interest, but again enforcement will be key in a setup where advisers can also function as distributors and in a market where only one product segment is currently available under the direct mode and advisers can still benefit unfairly from various other inducements available in other product categories. Hence, it is pertinent for SEBI to introduce the direct mode of investment in more product categories (and work with other regulators to do the same) so that IAs are able to offer more holistic and unbiased advice under this proposal.</p>
3.	<p>Page Nos 6, 7</p> <p>Para Nos 3.3.3, 3.3.4</p>	<p>Agree</p>	<p>We welcome this proposal (except that we have a few reservations in the contents of the T&C document, addressed in the following points). This will help in eliminating ambiguity around fees as well as in conflict resolution at a later date.</p>
4.	<p>Page No 6</p> <p>Para No 3.3.4.1</p>	<p>Agree</p>	
5.	<p>Page No 6</p> <p>Para No 3.3.4.2</p>	<p>Agree with qualification</p> <p>This requirement should be on the last page, after the client has read through the agreement.</p>	<p>It is logical that a person would sign a document only after reading through the same.</p>
6.	<p>Page No 6</p> <p>Para No 3.3.4.3</p>	<p>Agree</p>	



7.	Page No 7 Para No 3.3.4.4	Agree Suggestion: Add one more point to the list of functions and duties of the IA – “To write, follow and periodically update an Investment Policy Statement (IPS) for every client they advise.”	An IPS is an integral part of the relationship between the adviser and the client, and it spells out the broad objectives and constraints of the client’s portfolio. Please refer Appendix 1 for links to two CFA Institute guides on IPS.
8.	Page No 7 Para No 3.3.4.5.(a)	Partially Agree Direct mode is not available in most investment products, hence it is not possible to give the client such an undertaking. SEBI should introduce direct mode of investing in all product categories under its own purview and coordinate with other regulators to do the same.	Rationale is obvious.
9.	Page No 7 Para No 3.3.4.5.(b)	Disagree Client specific advice cannot be a part of this document.	At agreement level, no advice is provided (also stipulated in para no 3.3.3). Advice document (a financial plan / investment policy statement) is provided at a later point in time post a complete review exercise is conducted on the clients. Also, investment strategy is likely to change due to market conditions and cannot necessarily be a part of the contractual agreement.
10.	Page No 7 Para No 3.3.4.5.(c)	Unable to Comment The statement is not clear, need elaboration.	No comment
11.	Page No 7 Para No 3.3.4.6	Disagree General risks of investing can be mentioned in this document. Detailed product specific risk information will be provided on the advice document and not here.	Products keep changing and evolving, changing the advice provided. This information needs to be current and updated to the clients. Every time a product changes, agreements cannot be updated.
12.	Page No 7 Para No 3.3.4.7	Agree	Terms and conditions of validity of services are necessary to be laid down in advance.



13.	Page No 8 Para No 3.3.4.8	Agree Suggestion: Introduction of a force majeure clause is required here.	Force majeure is a common clause in legal contracts that essentially frees both parties from liability or obligation when an extraordinary event or circumstance beyond the control of the parties, such as a war, strike, riot, crime, or an act of God, prevents one or both parties from fulfilling their obligations under the contract.
14.	Page No 8 Para Nos 3.3.4.9, 3.3.4.10, 3.3.4.11	Agree	No comment
15.	Page No 9 Para No 3.3.4.12	Agree	This restriction is necessary in the advisory profession.
16.	Page No 9 Para No 3.3.4.13	Agree	No comment
17.	Page No 9 Para Nos 3.3.4.14.(a), 3.3.4.14.(b)	Agree	No comment
18.	Page No 9 Para No 3.3.4.14.(c)	Agree with Modification Need to incorporate the clause for priority of transactions. But the restriction in the proposal on transactions contrary to advice may not be required in this clause.	Clients should always get the first priority in transactions. The IA, if providing execution service to the client, can't transact in own account or employee's account without first executing client's transactions. Whereas, the restriction on transacting contrary to advice given to clients may not be required as the client's circumstances may require a contrary advice to what position the IA might want to take for own account. As long as the advice is suitable for the client, the principle of reasonable and fair basis is adhered to, and the client's transaction is executed before the IA's own transaction, the restriction in the proposal is not required.



19.	Page Nos 9, 10 Para No 3.3.4.15	Agree	No comment.
20.	Page No 10 Para Nos 3.3.4.16, 3.3.4.17, 3.3.4.18, 3.3.4.19	Agree	No comment.
21.	Page No 10 Para No 3.3.4.20	Agree in Principle SEBI may consider making this an optional clause, not mandatory.	No comment.
22.	Page No 11 Para Nos 3.3.4.21, 3.3.4.22	Agree	No comment.
23.	Page No 11 Para Nos 3.4.2, 3.4.3	Suggestion: We recommend adopting the CFA Institute Statement of Investor Rights² , which was developed by CFA Institute to advise buyers of financial service products of the conduct they are entitled to expect from financial service providers. Translations of the Statement of Investor Rights are available in local Indian languages as well.	The guiding principle behind SEBI's IA Regulations' view on fees has been the terminology "Fair and Reasonable", which is apt and must receive widespread recognition among the investing public. We believe, from the investor's perspective, fees should be structured to support the services provided and should be viewed as tools that align the interests of investment service providers and their clients. Unfortunately, investors often don't realise - or ask - what fees they are paying for products or services. Investors should be sure these fees reflect the value they are getting. To that end, we believe investor education and awareness is imperative in preventing them from falling prey to such unscrupulous practices, and the Research and Advocacy Committee of CFA Society India is always happy to work with industry participants and SEBI for supporting this outreach effort.

² <https://www.cfainstitute.org/en/research/future-finance/investors-first>



			<p>One small step through which we believe we can help protect investors is empowering them with the tool - the “Statement of Investor Rights” - which can go a long way in restoring trust, respect, and integrity in the profession. Some of the other supporting tools from CFA Institute are referenced in Appendix 1 at the end of this response for your perusal.</p>
24.	<p>Page Nos 11, 12</p> <p>Para No 3.4.4</p>	<p>Disagree</p> <p>The segregation and capping of fees in this proposal may not be thought through. We agree capping of AUA-based fee to 2.5%, but the charging of fees should not be limited to only two models. The RIA industry is still in a state of infancy, not just in India but globally. SEBI should allow the various other fee models to emerge and evolve. The proposal to cap fixed fees may also inadvertently prove to be detrimental for some investors, especially where an investor might prefer and be willing to pay a higher fixed fee rather than an AUA-based fee.</p>	<p>We are of the opinion that an adviser would expect some flexibility in building their business model, including flexibility in deciding how they would like to charge their client, as long as they are complying with all the requirements of transparency and fair-dealing. If the client’s needs and portfolio are extremely complex which requires analysis of complex products and if that client prefers a fixed fee only, a fixed fee cap of Rs 75000 pa may be too less an incentive for the adviser to do justice to their job and use prudence and care in advising this client. The adviser and the client may also be forced to settle in an AUA-based fee structure, which the client may not necessarily prefer in the first place.</p> <p>Also, there is no mention of performance-based fee structure and hybrid fee structures in the proposal, although there might be many investors who may prefer these types of fee structures.</p> <p>India is a diverse country with investors with different financial situations and varied requirements. There will be clients who are under debt and need advice to get out of it, there are clients who are building assets and there could be clients who have lots of assets, requiring a basic performance-based advice. Restricting the advisers’ fee models would inadvertently hamper advisers from reaching out to clients from all walks of life. Therefore, this proposal should not be implemented.</p> <p>If this proposal is implemented, investors who, based on the value they get, are willing to pay according to their adviser’s quoted fee structure, whatever it might</p>



			<p>be, will end up suffering, due to the lack of liberty of choice and flexibility. It will also make the IA profession unviable for many advisers.</p> <p>The investor complaints against being charged unfair and unreasonable fees, highlighted in para no 3.4.2, are definitely a serious cause for concern. But it is not clear how the proposed segregation and capping of fees will mitigate those concerns. We have tried to address this issue in the previous point.</p>
25.	<p>Page No 12</p> <p>Para No 3.4.5</p>	<p>Disagree</p> <p>Fee collection should be allowed at any point of time in advance depending on the terms agreed with the client. However, SEBI may stipulate that no one can charge advance fee beyond one year.</p>	<p>The time and effort spent in providing advice, especially to a new client, is often upfront, and the advice provided is, more often than not, for a time frame much longer than two quarters. Restricting the amount of fee that can be collected in advance can promote short-termism as advisers may get inclined to focus on quarter-to-quarter results, leading to excessive churning, working against the client's long-term interests. We believe the terms of the schedule of payment of fees can be agreed between the adviser and the client, and the client can use their judgement to decide if the terms of the fees vis-à-vis the services offered are justified or not. Hence, as mentioned previously, investor education and awareness are of paramount importance to enable investors be able to ask relevant questions and to understand the fees they are paying and what services they are getting in return.</p>
26.	<p>Page No 12</p> <p>Para No 3.4.6</p>	<p>Disagree</p> <p>A change of mode should be allowed any time, as at times client may not wish to continue with a format after a few months. In such cases adviser should be allowed to modify the fee model, on the advice / confirmation from the client.</p>	<p>A hard rule around no change in fees will hurt the profession. Change in fees should be allowed if agreed between the client and the adviser. The same should be applicable only from a future date though.</p> <p>Example: A client may suddenly add a lot of assets and/or remove a lot of assets due to unplanned matters. This may render the earlier agreed upon fee structure invalid or unviable. Therefore, allowing a change is important. Although the application of the change should be allowed only from a future date.</p>



<p>27.</p>	<p>Page No 12 Para Nos 3.4.7, 3.4.8</p>	<p>Disagree</p> <p>This proposal allowing refund of fees for services already provided can prove detrimental for the survival of the advisory community. The issue of refund of fees is addressed in para no 3.3.4.8 in the Terms and Conditions proposals, under which the parties have to agree and specify the terms of refund in the event of a premature termination in different circumstances, as long as the terms are fair and reasonable.</p>	<p>In case this proposal is implemented, investors could very well be motivated to switch the adviser or discontinue immediately after the service is delivered by asking for a refund.</p>
<p>28.</p>	<p>Page No 14 Para Nos 3.5.1.9, 3.5.1.9 (ii)(b)</p>	<p>Agree</p> <p>We support the qualification requirements stipulated herein for investment advisers. We seek clarification from SEBI whether interns would be exempted from these requirements because they would not fall under the definition of “persons associated with investment advice”, since they would be required to shadow an adviser facing the client and not themselves engage into giving the advice or carry out any task in the advisory process which involves investment decision making. If interns are subjected to these criteria then it will become very difficult to develop talent in the investment advisory industry.</p> <p>We would like to thank SEBI for continuing to recognise the CFA credential and reconsidering it as an approved qualification under these criteria.</p> <p>Suggestion: SEBI needs to clarify in this clause that only CFA Charterholders (who have signed the CFA Institute’s Professional Conduct Statement and are members of the Institute) are included in 3.5.1.9.(ii)(b) and not those who have cleared the CFA Level III exam but not fulfilled the requirements of membership.</p>	<p>The CFA designation is widely recognised as the gold-standard in the investment industry. Our members uphold the highest standards of ethics, education and professional excellence. The CFA Program’s rigorous curriculum prepares its members to be effective and ethical investment management professionals. Earning the CFA Charter involves a rigorous and minimum 300 hours of study for each of the three levels of the program and the CFA exams are considered to be one of the most difficult exams globally in finance. In addition, CFA Charterholders need to have a minimum of four years of professional investment decision making experience.</p> <p>Our Level III curriculum includes an in-depth coverage of the topic of portfolio management, which is integral to the working of an investment adviser. The whole program is holistically designed to support the functions of a wealth manager end-to-end, and ethics is an integral part at all the three levels. For more information on the CFA Program curriculum content, please refer the links provided in Appendix 1 for your perusal.</p> <p>As per a 2013 study commissioned by CFA Institute and conducted by UK National Academic Recognition and Information Centre (“the NARIC”), CFA curriculum and examination were benchmarked against the finance education levels in different geographies and were found to compare</p>



			favourably in rigor. For benchmarking comparison, please refer Appendix 2.
29.	Page No 15 Para Nos 3.5.2.3, 3.5.2.4	Disagree The principle upon which the proposed increase in net worth requirements is based is not clear. At this point of time, while the IA Regulations are still at an infancy stage, we suggest SEBI to keep the net worth requirements unchanged. SEBI can also be more liberal in the licensing fees for RIAs.	The IA Regulations are still at a nascent stage and the number of RIAs presently practicing in India are inadequate to represent a large part of the investing population in India. At this stage of development of the IA industry, putting in restrictions like high net worth criteria, stringent fees and other entry hurdles would only discourage people from taking up this profession, particularly so when a large part of the distribution business is still allowed by SEBI to be carried out. Hence, we disagree with this proposal and request SEBI to take time to study further the development of the RIA industry in India before putting in a more stringent net worth criteria for RIAs. At this point of time we should allow the existing rules for net worth to continue so that more and more individuals sign up for the IA profession and even the existing distributors are encouraged to become RIAs.
30.	Page No 16 Para No 3.5.2.6	Disagree Demutualisation is an international trend and we would like to welcome it, but not at this juncture. We believe we are not yet ready for it, in any form. SEBI at this point of time should focus more on getting more and more IAs to take license, and this proposal can be taken up perhaps after ten years or so, so that we have a fairly reasonable time period for experience and data to emerge.	Demutualisation of fiduciary businesses is a trend globally. While SEBI might want to take up demutualization of the advisory business in India at this point of time, when more efforts should be made towards encouraging more and more distributors to enroll as RIAs, prematurely insisting on demutualisation, particularly with a criteria that is of a very low threshold, would only discourage people from signing up for RIA license and therefore prevent the fiduciary part of the business to develop. Hence, this can be taken up at a later stage, perhaps may be after five years, if not ten, but not immediately. Moreover, the numbers mentioned for the criteria would need to be studied further and analysed by SEBI to understand whether these criteria are in the best interest of the clients and the advisers.



<p>31.</p>	<p>Page No 16</p> <p>Para Nos 3.6.2, 3.6.3, 3.6.4, 3.6.5</p>	<p>Agree with Modification</p> <p>We largely agree with the proposal, but need clarification on para no 3.6.3 - whether the record of interactions could be in any form or medium (from the list provided or any other legally verifiable record) and does not necessarily have to be in any particular format in the list.</p> <p>Suggestion: The period of retention of records of the interactions with prospective clients should be reduced to two years from years. Only records of clients onboarded should be required to be maintained for at least five years.</p>	<p>We believe two years is enough amount of time for keeping the records of prospects with whom there has not been any business in the first place.</p>
<p>32.</p>	<p>Page No 17</p> <p>Para No 3.7.3</p>	<p>Disagree</p> <p>SEBI should continue to recognize the CPE program for revalidation of NISM certifications.</p>	<p>Continuing Professional Education (CPE) program, particularly in a knowledge-based industry like investment advisory, should be encouraged and necessary incentives, including extension of NISM certifications through such CPE programs, should be given and not discontinued. However, the provisions for recognising the programs eligible for CPE may be declared before-hand and made more stringent.</p>
<p>33.</p>	<p>Page No 17</p> <p>Para No 3.8.1</p>	<p>Suggestion:</p> <p>We recommend SEBI to also allow CFA Charterholders to conduct this audit work.</p>	<p>The domain knowledge for investment advisory is highly specialized and CFA Charterholders are well equipped and competent to perform the role of auditing an IA for compliance with the IA Regulations. As mentioned earlier under the qualification criteria, those who have passed the CFA Level III exam but have not fulfilled the requirements for CFA Institute membership, should not be allowed.</p>



D. Other Comments:

In addition to the above comments and suggestions on the proposals in the consultation paper, we would like to provide a couple of important recommendations on points not covered in the paper:

1. Balanced Scorecard Framework for Remuneration of Investment Advisers and Persons Associated with Investment Advice:

Sales incentives built into the remuneration system may create conflicts of interest that lead to mis-selling and misconduct. Industry and regulators worldwide are increasingly cognizant of that problem and are moving to de-emphasize sales as the one and only metric for performance evaluation (and pay determination) of frontline, client-facing employees. In Singapore, for example, the regulator issued guidelines for a balanced scorecard approach in which frontline employees as well as their supervisors and managers are evaluated on a combination of financial and non-financial metrics.

We recommend that SEBI considers a similar approach as adopted by Singapore in this regard. In 2016, a balanced scorecard framework was implemented as part of the Financial Advisory Industry Review (FAIR) initiatives of the Monetary Authority of Singapore (MAS) to enhance the financial advisory industry's standards and professionalism. MAS requires financial advisers to adopt a balanced scorecard approach that integrates non-sales KPIs when assessing and determining remuneration for their sales staff as well as the supervisors and managers of those sales staff. Under the balanced scorecard framework, non-sales KPIs are assessed based on whether the adviser (i) understood the client's needs, (ii) recommended suitable products, (iii) made adequate disclosures, and (iv) upheld standards of professionalism and ethical conduct in providing financial advisory services. These non-sales KPIs reflect the due diligence requirements captured in the various MAS conduct rules, guidelines, and notices to better align the interests of client-facing advisers and their supervisors with those of customers and to minimize conflicts of interest inherent in volume-based remuneration arrangements.

The move in some markets toward a balanced scorecard approach in evaluating frontline performance is a welcome development. When the remuneration of both advisers and senior executives is aligned with the long-term interests of clients, the chances of achieving better investor outcomes are much higher.

2. Need of a Level Playing Field between RIAs and Mutual fund distributors:

SEBI has stipulated a number of disclosure requirements for RIAs, including transactional and referral remuneration, actual or potential conflicts of interest, whether an RIA has any holdings or positions in the products being recommended, and key features and risks of the recommended products. Disclosure requirements for distributors, however, are comparatively lax. The AMFI Code of Conduct requires distributors to disclose the different levels of commissions they would receive under different products, but it does not require distributors to disclose conflicts of interest. In order for the RIA model to succeed in India, we recommend SEBI to look into developing a level playing field between RIA and Mutual fund distributors.

The Research and Advocacy Committee of CFA Society India would be keen to work with SEBI in developing a Code of Conduct for the Investment Advisory profession similar to the CFA Institute Asset Manager Code (AMC). Please refer the link to the AMC in Appendix 1 for more information.

3. Guidance Sought for Research Analysts registered as RIAs before the Research Analyst Regulations were introduced:

When Research Analyst Regulations were introduced, SEBI had exempted Research Analysts with an existing RIA license from registering again. Hence, there are many RIAs who actually do only Research Analyst work - publishing research reports on securities. The existing IA Regulations and many of the proposals in this consultation paper do not apply to Research Analysts. Such intermediaries are already complying with RA



regulations. Hence, it is recommended that SEBI come up with a detailed clarification of how those Research Analysts would need to carry out their practice under this license and how should they switch their registration from Investment Adviser to Research Analyst, stipulating both the guidelines for such a migration procedure and the timeframe for the same.

CONCLUDING REMARKS:

We support SEBI's endeavours in professionalizing and building a healthy and well-functioning investment advisory profession in India. In that pursuit, in the interest of investors, we would like to reemphasise the importance of financial literacy among the investing public in India. We should continue to promote investor education and awareness and empower them with the right tools and knowledge so that they are equipped to make the right decisions for themselves. An educated investor has a better ability to distinguish, differentiate, and assess the different product offerings available and to select the one that is most suitable to his or her needs.

Thank you again for the opportunity to comment on this important regulatory framework. If you or your staff have questions or seek further clarification, please do not hesitate to contact Mr. Rajendra Kalur, CFA at +91 98196 30042 or at advocacy@iaipirc.org.

Sincerely yours,

Rajendra Kalur, CFA
Director - Research and Advocacy Committee
Indian Association of Investment Professionals, Member Society of CFA Institute



Appendix 1: CFA Institute Resources for SEBI's Perusal

CFA Institute Guides to an IPS

1. Elements of an Investment Policy Statement for Individual Investors (<https://www.cfainstitute.org/-/media/documents/article/position-paper/investment-policy-statement-individual-investors.ashx>)
Covers: investment objectives and constraints, performance requirements, risk management, and governance
2. Elements of an Investment Policy Statement for Institutional Investors (<https://www.cfainstitute.org/-/media/documents/article/position-paper/investment-policy-statement-institutional-investors.ashx>)
Covers: investment objectives and constraints, performance requirements, risk management, and governance

CFA Institute Ethics Resources

3. Ethics & Standards (<https://www.cfainstitute.org/en/ethics-standards>) *Covers: CFA Institute Ethics & Standards website*
4. Ethics for the Investment Management Profession (<https://www.cfainstitute.org/en/ethics-standards/ethics>) *Covers: lifelong ethics learning content for investment professionals*
5. CFA Institute Code of Ethics and Standards of Professional Conduct (<https://www.cfainstitute.org/en/ethics-standards/ethics/code-of-ethics-standards-of-conduct-guidance>) *Covers: the complete Code and Standards, guidance for applying the Code and Standards, translations*
6. CFA Institute Asset Manager Code (<https://www.cfainstitute.org/en/ethics-standards/codes/about-asset-manager-code>) *Covers: client loyalty, investment process, trading, compliance, performance reporting, disclosures*

CFA Institute Tools for Investor Protection, Education and Awareness

7. Statement of Investor Rights (<https://www.cfainstitute.org/en/research/future-finance/investors-first>)
Covers: honesty, objectivity, fiduciary duty, fair treatment, conflict disclosure, advice tailored to circumstances, communication, fee disclosure, confidentiality, record keeping
8. Realise Your Rights (link as above) *Covers items as above*
9. Integrity List (<https://www.cfainstitute.org/en/research/future-finance/integrity-list>) *Covers: actions to build trust and enhance your firm's reputation*
10. Focus on Fees (<https://www.cfainstitute.org/-/media/documents/factsheet/focus-on-fees-fact-sheet-aw-2017.ashx?la=en&hash=44B93CC76744492C20CAC20DECA712EC67298A6D>) *Covers: guidance on types of fees and the value they provide*



CFA Program Curriculum Content Overview

11. CFA Program Study Session Outlines for each level of exam (<https://www.cfainstitute.org/en/programs/cfa/curriculum/study-sessions>) *Covers: current study session outlines by level*
12. 2020 Level III Study Sessions (<https://www.cfainstitute.org/-/media/documents/study-session/2020-13-studysessions-combined.ashx?la=en&hash=433E641C1251A7953A01654064618268C6A85AD4>) *Covers: learning outcome statements (LOS) and source references for the readings (Study Sessions 3, 5, 12, 13, 14, 15 and 16 cover the topic of Portfolio Management which has an exam weight of 35-40% in the Level III exam)*

Recent CFA Institute Policy Position Papers Relevant to the Investment Advisory Profession

13. Sales Inducements in Asia Pacific (<https://www.cfainstitute.org/en/advocacy/policy-positions/sales-inducements-in-asia-pacific>) *Covers: A review of the sales and distribution of mutual funds in selected Asia Pacific markets*
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Appendix 2: Benchmarking Study of CFA Certification vs. Educational Levels in Finance in Different Geographies by UK NARIC

		Claritas Investment Certificate	CIPM			CFA Program			
			Principles	Expert	Designation	Level I	Level II	Level III	Designation
Australia	Framework level standard	4	6	7	7	6	7	9	9
	Qualification level standard	Certificate IV	Advanced Diploma	Bachelor degree	Bachelor degree	Advanced Diploma	Bachelor degree	Master's degree	Master's degree
Canada	Framework level standard	5	9	10	10	9	10	12	12
	Qualification level standard	Certificate III (Ontario)	Post-Diploma (Ontario)	Bachelor degree	Bachelor degree	Post-Diploma (Ontario)	Bachelor degree	Master's degree	Master's degree
Hong Kong	Framework level standard	3	4	5	5	4	5	6	6
	Qualification level standard	Advanced Certificate	Advanced Diploma	Bachelor degree	Bachelor degree	Advanced Diploma	Bachelor degree	Master's degree	Master's degree
India	Framework level standard	Not Applicable*							
	Qualification level standard	Diploma (from a State Technical Board)	No direct comparability**	Bachelor degree	Bachelor degree	No direct comparability**	Bachelor degree	Master's degree	Master's degree
Ireland	Framework level standard	5	6	7	7	6	7	9	9
	Qualification level standard	NFQ Certificate Level 5	Higher Certificate	Bachelor degree	Bachelor degree	Higher Certificate	Bachelor degree	Master's degree	Master's degree
Malaysia	Framework level standard	3	5	6	6	5	6	7	7
	Qualification level standard	Certificate Standard	Advanced Diploma	Bachelor degree	Bachelor degree	Advanced Diploma	Bachelor degree	Master's degree	Master's degree

Philippines	Framework level standard	Not Applicable*							
	Qualification level standard	No direct comparability**	Bachelor degree	Bachelor degree from a highly ranked university / Centre of Excellence	Bachelor degree from a highly ranked university / Centre of Excellence	Bachelor degree	Bachelor degree from a highly ranked university / Centre of Excellence	No direct comparability**	No direct comparability**
Scotland	Framework level standard	5	8	9	9	8	9	11	11
Singapore	Framework level standard	Not Applicable							
	Qualification level standard	Higher Nitec	Specialist Diploma	Bachelor degree	Bachelor degree	Specialist Diploma	Bachelor degree	Master's degree	Master's degree
South Africa	Framework level standard	4	6	7	7	6	7	9	9
	Qualification level standard	National Certificate Level 4	National Certificate Level 6	Bachelor degree	Bachelor degree	National Certificate Level 6	Bachelor degree	Master's degree	Master's degree
Switzerland	Framework level standard	Not Applicable*		Nqf.ch.HS Bachelor	Nqf.ch.HS Bachelor	Not Applicable*	Nqf.ch.HS Bachelor	Nqf.ch.HS Master	Nqf.ch.HS Master
	Qualification level standard	No direct comparability**	No direct comparability**	Bachelor degree / Licence	Bachelor degree / Licence	No direct comparability**	Bachelor degree / Licence	Master's degree	Master's degree
USA	Framework level standard	Not Applicable*							
	Qualification level standard	Advanced Placement	No direct comparability**	Bachelor degree	Bachelor degree	No direct comparability**	Bachelor degree	Master's degree	Master's degree
Wales	Framework level standard	3	5	6	6	5	6	7	7

Notes

*'Not Applicable' is used for countries without an implemented national qualifications framework at the time of writing or where the national framework does not incorporate levels of education relevant to this study

**No direct comparability is used to denote instances where there are no available national qualifications falling at the educational level represented by the relevant CFA examination or designation. In these cases further guidance has been provided in the relevant sections of the report to explain further why no comparability has been given.

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Published
by: UK
NARIC
Oriol House, Oriol Road
Cheltenham,
Gloucestershire United
Kingdom
GL50
1XP

Email: james.freeman@naric.org.uk /
projects@naric.org.uk
Telephone: +44 (0)1242 694723 Fax: +44(0)1242
258611