

Name of the person/entity proposing comments	Indian Association of Investment Professionals (CFA Society India)			
Category (Listed Entity / MII / Market Intermediary /	Association of Investment Professionals			
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Contact no.	91 8080565484 (Sreenivas Kunte, CFA)			
Sr. No.	Proposal	Confirmity to Proposal	Comments	Rationale
1	Relaxation in the eligibility criteria such as qualification, certification, experience and net-worth requirements shall help in the growth of the IA and RA Industry which in turn shall cater to the needs of growing number of investors	Partially Agree	<p>We agree to the need for growth of the IA and RA industry to cater to growing number of investors.</p> <p>Qualification & Experience - Removal of both post-graduation as a pre-requisite and need for prior experience may result in individuals becoming advisors but not having the requisite professional knowledge. We have a few suggestions with respect to this clause - a) In order to ensure that some kind of subject matter expertise is available with the advisor, it should be made mandatory to have a pre - qualification such as CFA, CA, ICWA, CFP or CWM in addition to clearing both NISM XA and XB for becoming an advisor. Since each of these qualifications have internship requirements, additional experience requirement may be done away with. Or, b) If we are removing the criteria of Post graduation, there should be some requirement of experience (say, 1-2 years) of working with an RIA to get practical knowledge of the subject matter and real time exposure to the business. This will help new advisors to understand fiduciary duty better before they setup their own practice.</p> <p>Certifications - We agree to the removal of mandatory requirement for re-certification by passing of XA and XB. However, instead of mandating incremental certifications, we suggest putting in place a Continual Education Program (CEP) which can entail continuous learning via seminars, webinars, reading material and so on. This is a well tested methodology adopted by professional organisations such as ICAI, CFA Institute.</p> <p>Net Worth - We agree to the proposal of removal of net worth requirements for RAs and IAs</p>	<p>Investment advisory is a domain which entails fiduciary relationship with clients and a need for an indepth understanding of the subject matter.</p> <p>CEP serves the purpose of ensuring RAs and RIAs being up to date with subject matter and also help in implementing small incremental changes through online webinars. A certification for every small incremental change might lead to operational and practical implementation challenges</p>
2	The minimum qualification requirement is proposed to be reduced from an existing requirement of a post-graduation or professional qualification to a graduate degree.	Disagree	<p>Removal of both post-graduation as a pre-requisite and need for prior experience may result in individuals becoming advisors but not having the requisite professional knowledge. We have a few suggestions with respect to this clause - a) In order to ensure that some kind of subject matter expertise is available with the advisor, it should be made mandatory to have a pre - qualification such as CFA, CA, ICWA, CFP or CWM in addition to clearing both NISM XA and XB for becoming an advisor. Since each of these qualifications have internship requirements, additional experience requirement may be done away with. Or, b) If we are removing the criteria of Post graduation, there should be some requirement of experience (say, 1-2 years) of working with an RIA to get practical knowledge of the subject matter and real time exposure to the business. This will help new advisors to understand fiduciary duty better before they setup their own practice.</p>	Investment advisory is a domain which entails fiduciary relationship with clients and a need for an indepth understanding of the subject matter.
3	There shall be no experience requirements for IAs and RAs, their principal officers or persons associated.	Disagree	<p>Removal of both post-graduation as a pre-requisite and need for prior experience may result in individuals becoming advisors but not having the requisite professional knowledge. We have a few suggestions with respect to this clause - a) In order to ensure that some kind of subject matter expertise is available with the advisor, it should be made mandatory to have a pre - qualification such as CFA, CA, ICWA, CFP or CWM in addition to clearing both NISM XA and XB for becoming an advisor. Since each of these qualifications have internship requirements, additional experience requirement may be done away with. Or, b) If we are removing the criteria of Post graduation, there should be some requirement of experience (say, 1-2 years) of working with an RIA to get practical knowledge of the subject matter and real time exposure to the business. This will help new advisors to understand fiduciary duty better before they setup their own practice.</p>	Investment advisory is a domain which entails fiduciary relationship with clients and a need for an indepth understanding of the subject matter.

4	IAs/RA shall be required to have base certifications (NISM-Series-XA and XB for IAs, and NISM-Series-XV for RAs) only initially at the time of registration. No base certifications shall be required to be obtained subsequently. Instead, a certification based only on the examination on incremental changes/ developments during the previous three years or period as specified in the regulatory and professional space concerning IAs shall be required to be obtained. Such certification on incremental changes/ developments shall be required to be obtained before expiry of validity of previous certification.	Partially Agree	Certifications - We agree to the removal of mandatory requirement for re-certification by passing of XA and XB. However, instead of mandating incremental certifications, we suggest putting in place a Continual Education Program (CEP) which can entail continuous learning via seminars, webinars, reading material and so on. This is a well tested methodology adopted by professional organisations such as ICAI, CFA Institute.	CEP serves the purpose of ensuring RAs and RIAs being up to date with subject matter and also help in implementing small incremental changes through online webinars. A certification for every small incremental change might lead to operational and practical implementation challenges
5	There shall not be any requirement of maintaining minimum net worth at all times by IAs and RAs. Instead, IAs/ RAs shall maintain a deposit for such a sum as may be specified by SEBI (as mentioned at para 4.8.3) which shall be lien marked to a stock exchange recognised as IAASB/RAASB for utilisation towards dues emanating out of arbitration and conciliation proceedings, if any, under the Online Dispute Resolution (ODR) Mechanism or any other mechanism as may be specified by SEBI, if the IA/RA fails to pay such dues.	Strongly Agree	We appreciate SEBI's view that Ras and RIAs do not directly manage funds and therefore a high net worth requirement is not required for them. We agree to the proposal of removal of net worth requirements for RAs and IAs and we believe that this move will enable a lot more individuals to enter the RIA domain.	-
6	Individuals or a partner-ship firms may be allowed to seek registration as both IA and RA provided that they shall be required to comply with the rules/regulations/reporting requirements under both the IA Regulations and RA Regulations separately and shall ensure that its investment advisory services and research services are clearly segregated from each other.	Strongly Agree	We appreciate SEBI's perspective that a lot of IAs also engage in in depth research and therefore it makes sense to let individuals and partnership firms take both licenses. This helps both RAs and IAs expand their revenue streams	-
7	An applicant who is Individual or partner-ship firm may be considered for registration as Part-time IA and RA in case they are also engaged in other business activities and employment (other than securities) as clarified under para 6.	Disagree	While the proposal aims at expanding the number of IAs and RAs - it is not clear how will part time IAs and RAs differentiate themselves from full time IAs and RAs from an investor's perspective. We feel that investors will not be able to differentiate between the two categories and the concept of part time and full time therefore will serve no purpose. We feel there should be only one category of IAs and any activity other than that of investment advisory should be duly disclosed. If a part time IA category is created, such IA should clearly disclose the nature of other activities and any conflict of interest between IA activities and full time business activities in the client agreement and other digital assets such as website	-
8	Non-individual RA or research entity shall also be required to designate principal officer on similar lines of IA. IA/RA having multi-line businesses may designate business head of IA/RA services as principal officer as mentioned at Para 7	Strongly Agree	We agree that RAs also hold fiduciary relationship with clients and therefore appointing a Principal Officer will help build more credibility for the profession	-
9	Non-individual IAs and RAs may be allowed to appoint independent professionals such as CA/CS/CMA as compliance officer in place of a full-time compliance officer. The principal officer of such IAs and RAs shall provide undertaking stating that principal officer shall be responsible for monitoring the compliance by the IA/RA in respect of the requirements of the Act, regulations, notifications, guidelines, instructions issued by the SEBI/IAASB/RAASB.	Strongly Agree	We appreciate this proposal since appointing an in-house compliance officer was resulting in additional cost impact and burden on individual RIAs to wear multiple hats. Flexibility to appoint CAs / CSs as compliance officers not only helps ease the burden but also ensures that compliance competencies are maintained. Further, the onus of monitoring compliance resting on the Principal Officer ensures that the PO is always on top of the compliance matters.	-

10	The scope of the investment advice under IA Regulations is specified as mentioned in Para 9. It adequately provides the clarity on the activities that can be undertaken by IA. As proposed, IAs can give investment advice in respect of a specific instrument/ product only if it belongs to an asset class pertaining to -i. securities under purview of SEBI, or -ii. investment products that are under the regulatory purview of other financial sector regulators. However, for clients availing financial planning services of IAs, IAs may provide financial planning on broad allocation of different asset classes including asset classes under financial sector regulators and other legally permitted asset classes such as real estate, gold, etc.	Partially Agree	The clarity provided in terms of scope of services to be provided by IAs is useful to ascertain the kind of services that are covered by the IA regulations. However, the proposal mentions that Non Individual IAs can also advise on products which are not regulated by SEBI through separate legal entity and brand name. We have two suggestions here - a) We suggest that individual IAs should also be permitted the same as the scope of Financial Planning and investment advisory includes advising on international securities, estate planning and other such services which are not regulated by SEBI but are crucial parts of investment advice to clients. b) Advice across the gamut of financial planning should be permitted within the same entity / brand subject to clear disclosure (in the agreement and plan / rationale document) about which specific recommendations are not subject to SEBI Regulation or supervision or is under regulation with some other regulator	International diversification through ETFs and securities, Insurance advisory and estate planning are crucial segments of Financial Planning and Investment Advisory. As such, this should not be excluded for individual RIAs thereby limiting them in providing full scale services to their clients Many IAs and RAs may seek professional insurance licenses as well as have capability to advice on international stocks / conduct estate planning services and separating them into different entities is practically cumbersome and cost inefficient
11	The responsibility of investment advisory services and research services lies solely with the IA and RA, irrespective of the scale and scenario of IA and RA using AI tools.	Strongly Agree	We agree that the respective IA and RA is responsible for the impact of various AI tools being used by them	-
12	IAs shall be provided flexibility to change the fee mode i.e. fixed fee mode to AUA mode and vice versa, for a client at any time, without restriction on the minimum period between two fee mode changes subject to the fee not exceeding the higher of the limits of fixed fee mode or AUA mode per annum per family.	Partially Agree	The flexibility to change between the two structures does offer considerable flexibility to IAs. However, to further reduce complexity, we suggest the upper limits of fixed fee can be eliminated and IAs can be required to adhere to upper limit of 2.5% of AUA. For an adviser charging a fixed fee, they have to ensure that their fixed fee is within the limits of 2.5% of AUA. Also, for product advisory specific RIAs (example Equity RIAs), SEBI should think about how can RIAs have skin in the game by defining performance based fee structures - this will be in client interest also because the fee will be payable when value has been added to the client.	Some times clients prefer fixed fees and not AUA linked fees. In such cases, the IAs get limited by the capping of INR 1.25L per annum per family, even when a higher fixed fee is well within the limits of AUA based fee structure. Since clients in India are relatively new to the concept of fee based advisory, the choice of the fee model should be with the clients and at the same time, that should not affect the business of RIAs as well as be regulatorily compliant
13	IAs shall now be required to apply as non-individual IA on having i. 300 number of clients, or ii. fee collection of INR 3 crore during the financial year, whichever is earlier, instead of the existing limit of 150 clients. A period of up to three months shall be available to the IA to complete the transition process.	Strongly Agree	We appreciate the relaxation provided by SEBI and we believe this will help a lot of individual RIAs to thrive before moving to a corporate setup	-
14	Definition of the -research analyst- is proposed to be modified and the term -research services- shall be defined separately as mentioned at para 13 of the consultation paper. It is proposed that the services being provided by Research analyst shall be -for consideration-. Research services being provided by RA shall also include -recommendation of model portfolio by RAs-, -stop loss target- and -any other service of similar nature or character-.	Strongly Agree	We agree with the suggested proposal	-
15	Any research service by a RA shall be corroborated by research report containing the relevant data and analysis forming the basis for such research service. RA shall maintain record of such research report.	Strongly Agree	We agree with the suggested proposal - the primary role of an RA is to provide research and therefore any recommendations around model portfolios should be backed by methodology used / research used to arrive at those model portfolios	-
16	In terms of the existing provisions of RA Regulations, the term -research analyst- also include associated persons. In order to recognise persons associated with research services separately, the term -persons associated with research services- is defined as mentioned in para 14, on similar lines as IA Regulations.	Strongly Agree	We agree with the suggested proposal - this will increase the credibility of the research profession	-

17	Considering the nature of services being provided by proxy advisers and potential conflict of interest in the administration of proxy advisers by the exchange being the RAASB, Proxy advisers may be exempted from RAASB framework.	Strongly Agree	-	-
18	In order to provide clarity on eligibility of partnership firm for registration as RA, amendments may be made to Regulation 6(i) of RA Regulations. Amendments may be made to Regulation 7(2) of RA Regulations, to provide clarity that NISM certification shall be required for the partner of the partnership firm only if it is engaged in in preparation and or publication of research report or research analysis.	Strongly Agree	-	-
19	RAs may charge maximum fees of ₹1,25,000 per annum per family in case of their clients who are individuals. If agreed by the client, RA may charge fees in advance for one month. The limit on fee chargeable to clients by RAs shall not be applicable in case of non-individual clients including QIBs, accredited investors and to institutional investors seeking recommendation of proxy adviser.	Partially Agree	We agree with the suggested proposal - However, fee collection mechanism should be subject to arrangement between the client and the RA. A lot of model portfolios run on platforms such as Smallcase where the collection of subscription fee happens in advance for 1 year. Repeated collection through the year can be very cumbersome practically	-
20	Similar to the provisions in IA Regulations, RA or research entity shall require to have a clear client level segregation of research services and distribution services at family/group level, as mentioned in para 18 and Annexure A of the consultation paper. IAs and RAs providing investment advisory and research services exclusively to institutional clients and accredited investors may be exempted from compliance with the requirement of segregation of investment advisory or research services and distribution services provided these clients providing such a waiver.	Strongly Agree	We agree with the suggested proposal	-
21	The framework for model portfolio as mentioned at Annexure B of the consultation paper adequately provides the safeguards for the model portfolio framework such as issuance of the model portfolio report, methodology, labelling of model portfolio, investment horizon, rebalancing of securities, risk disclosures, benchmarking and audit requirements. The reporting and disclosure requirements related to model portfolio shall be standardised by industry experts in consultation with the RAASB and SEBI.	Strongly Agree	We agree with the suggested proposal. These measures will enhance the credibility of model portfolios	-
22	RA shall be required to make disclosure of the terms and conditions of services to client and seek their consent to these terms and conditions as mentioned at para 20 and Annexure C of the consultation paper.	Strongly Agree	We agree with the suggested proposal	-
23	RA shall be required to follow KYC procedure as specified by SEBI for their fee paying clients and maintain the KYC record and upload the KYC details on KRA system.	Strongly Agree	-	-
24	The circumstances under which a person shall be required to seek registration as IA and RA are adequately explained and clarified at para 22 of the consultation paper.	Strongly Agree	-	-

25	A CA or CS or CMA can conduct annual compliance audit of IAs and RAs. Audit report should contain line-wise compliance status of every specific provision of the IA Regulations and RA Regulations and the audit report and adverse findings, if any may be submitted within the timeline specified in para 23 of consultation paper	Partially Agree	<p>The proposal mentions change of audit timeline from current 6 months to 2 months from end of financial year.</p> <p>We request for letting the audit timeline remain unchanged</p>	Since the auditors are CA / CS / CMA, they are extremely busy during the first two months of a financial year and therefore it would be challenging for IAs and RAs to adhere to this timeline.
26	An adequate clarity is provided in para 24 of the consultation paper in respect of applicability of IA Regulations and RA Regulations to trading call providers.	Strongly Agree	-	-