

Association of Registered Investment Advisers

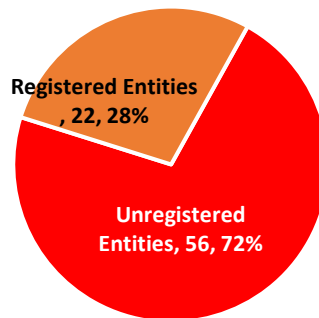
CIN : U93090MH2019NPL319033

PRESS RELEASE

ARIA commissioned Sanjay Kadel & Co. Chartered Accountants to provide an analysis of all enforcement orders passed by SEBI against Investment advisory firms since inception till June

The results of the analysis are given below :

Number of Enforcement Orders Against Investment Advisors



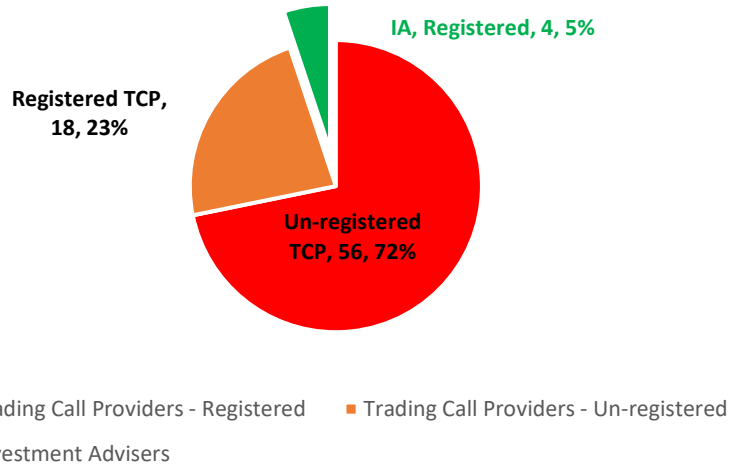
Bulk (72%) of the entities against whom SEBI has taken enforcement action are Unregistered entities.

| | No of enforcement orders | Percentage |
|-----------------------|---------------------------------|-------------------|
| Unregistered Entities | 56 | 72% |
| Registered Entities | 22 | 28% |
| Total | 78 | 100% |

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Number of Enforcement Orders against Investment Advisors



Trading call providers (TCP) includes providers of advise pertaining to — Non-delivery trades, Equity Intraday, Buy today Sell Tomorrow, Derivatives like futures, options, commodities (except for hedging purposes) and leveraged trading or increasing exposure to equity shares beyond 100% of the portfolio value.

Almost all the Enforcement orders are against Trading Call Providers with the rest of the orders being on operational matters not client related services.

| | Unregistered Entities | Registered Entities | Total |
|------------------------|-----------------------|---------------------|-------|
| Trading Call Providers | 56 | 18 | 74 |
| Investment Advisers | | 4 | 4 |

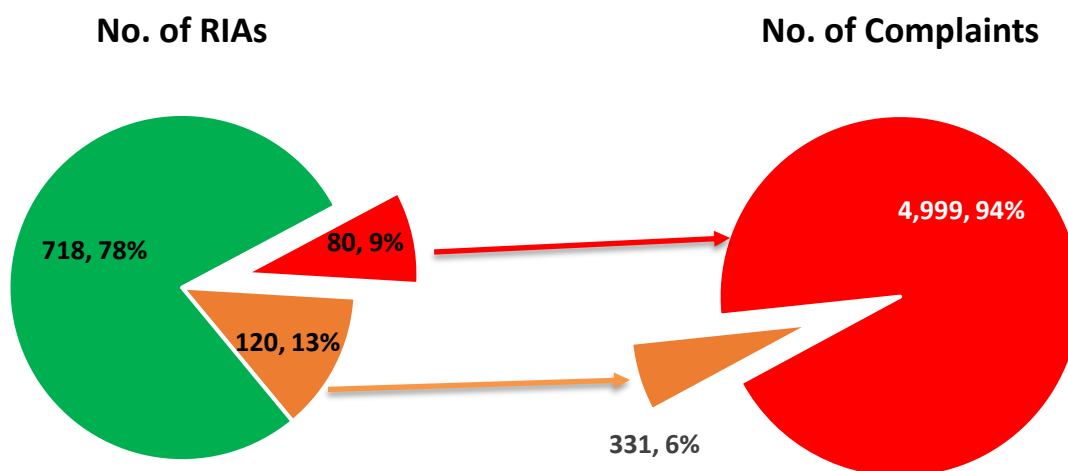
This analysis indicates that action needs to be taken against unregistered Investment Advisers and RIAs which are not “Trading Call Providers” need to be treated differently as their activities have not led to any enforcement actions being required from the regulator.

The detailed SEBI order analysis is available on this link - https://aria.org.in/wp-content/uploads/2023/08/2023-08-30SEBI-Orders-IA-Analysis_Aug2023.pdf

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ARIA has also carried out a detailed analysis of complaints received against RIAs on the SEBI SCORES portal.



- Complaints in double digits
 - Complaints lower than double digits against RIAs
 - Nil Complaints received against these RIAs
- Complaints in double digits
 - Complaints lower than double digits against RIAs

It shows interesting statistics highlighting how 9% of the RIAs account for 94% of all complaints received against RIAs and 78% of RIAs have Nil complaints so far. From their names and the other details of these entities it appears that all of them are “Trading Call Providers”.

From this complaints analysis also it would appear that RIAs which are not “Trading Call Providers” need to be treated differently as their activities have not led to complaints from the investors.

Both these analysis reports point to the need for sharply focussed action against Unregistered entities and treatment of non “Trading Call Providers” RIAs separately for relaxed regulations.

| Sr No | Description | Number of RIAs | Percentage of the total RIAs against whom complaints are received | Total Number of Complaints | Percentage of Complaints |
|-------|--|----------------|---|----------------------------|--------------------------|
| 1 | Complaints in double digits | 80 | 9% | 4,999 | 94% |
| 2 | Complaints lower than double digits against RIAs | 120 | 13% | 331 | 6% |
| 3 | Nil Complaints received against these RIAs | 718 | 78% | 0 | 0% |
| | Total | 918 | 100% | 5,330 | 100% |



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The detailed complaint analysis is available on this link - <https://aria.org.in/wp-content/uploads/2023/09/2023-08-30analysisofcomplaintsummary-Updated-2.pdf>

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