



CIRCULAR

SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/579

June 18, 2021

To

All Investment Advisers

Investment Adviser Administration and Supervisory Body

Dear Sir / Madam,

Subject: Framework for administration and supervision of Investment Advisers under the SEBI (Investment Advisers) Regulations, 2013

1. As per Regulation 14 of the SEBI (Investment Advisers) Regulations 2013 ("IA Regulations"), SEBI may *inter-alia* recognize any body or body corporate for the purpose of regulating Investment Advisers ("IA") and delegate administration and supervision of the IAs on such terms and conditions as may be specified. Accordingly, an entity granted recognition under the aforesaid Regulation shall be designated as "Investment Adviser Administration and Supervisory Body" ("IAASB") and shall be entrusted with the administration and supervision of IAs.
2. In this regard, BSE Administration & Supervision Limited (BASL), a wholly owned subsidiary of BSE Limited, has been granted recognition as IAASB for a period of three years from June 01, 2021. The details may be perused in the Press Release issued by SEBI on June 14, 2021 and available at https://www.sebi.gov.in/media/press-releases/jun-2021/bse-administration-and-supervision-limited-granted-recognition-for-administration-and-supervision-of-investment-advisers_50540.html, which also provides a link for the Standard Operating Procedure (SOP) and the Frequently Asked Questions (FAQs) issued by BASL.
3. IAASB shall *inter-alia* have following responsibilities:
 - i. Supervision of IAs including both on-site and offsite
 - ii. Grievance redressal of clients and IAs
 - iii. Administrative action including issuing warning and referring to SEBI for enforcement action
 - iv. Monitoring activities of IAs by obtaining periodical reports



- v. Submission of periodical reports to SEBI
 - vi. Maintenance of database of IAs
4. The Board of the IAASB shall, at all times, be chaired by a Public Interest Director and shall also have, at all times, a Director who will bring investor perspective.
5. SEBI shall continue to concurrently administer and supervise all registered IAs and IAASB shall be subject to periodic inspection by SEBI.
6. Pursuant to grant of aforementioned recognition, SEBI registered IAs are required to ensure compliance with the following:

i. Membership of IAASB

In order to ensure compliance with Regulation 6(n) of the IA Regulations and to keep their registration in force, existing IAs shall seek membership of IAASB in such manner as may be specified by the IAASB, within three months of the recognition of IAASB by SEBI.

ii. Payment of fees

- a. The fees payable to SEBI has been modified by way of amendment to IA Regulations, with effect from April 01, 2021, details of the same are available at https://www.sebi.gov.in/legal/regulations/jan-2021/securities-and-exchange-board-of-india-investment-advisers-amendment-regulations-2021_49541.html and https://www.sebi.gov.in/legal/regulations/jan-2021/corrigendum-to-the-securities-and-exchange-board-of-india-investment-advisers-amendment-regulations-2021_48848.html.
- b. Accordingly, unless specified otherwise by SEBI, existing IAs shall be required to pay membership fees to IAASB in a manner prescribed by IAASB, at the time of payment of fees to SEBI as per Second Schedule to the IA Regulations, to keep their registration in force. Any subsequent payment of membership fees shall be in the manner specified by IAASB.

For details with respect to membership process, membership fee structure as well as contact details of IAASB, FAQs under the link provided in the Press release issued by SEBI upon recognition of IAASB, may be referred.

iii. Reporting

All SEBI registered IAs shall submit periodic reports to IAASB in such manner as



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may be specified by IAASB.

7. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 14(2) of the IA Regulations to protect the interests of investors in securities market and to promote the development of, and to regulate the securities market.
8. The circular is available on SEBI website at www.sebi.gov.in under the categories "Info for – Investment Advisers" and "Legal framework - Circulars".

Yours faithfully,

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