



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

GENERAL MANAGER
INVESTMENT MANAGEMENT DEPARTMENT
DIVISION OF FUNDS-1

SEBI/HO/IMD1/DOF1/OW/P/2021/17965

August 05, 2021

Vansh Capital Private Limited

Flat No. 7, Dinkar Baug Apartment,
Bhandarkar Institute Road, Opp Golwilkar Metro Lab,
C.S.T.852/1 F.P.188/1, Shivaji Nagar, Deccan Gymkhana,
Pune – 411004

Kind Attention: Shri Rahul Jaju

Dear Sir,

Sub: Request for interpretative letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 in connection with the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013

1. This has reference to your letter dated May 27, 2021, seeking an interpretative letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003.
2. In your letter under reference, you have, *inter-alia*, represented as under:
 - a. Vansh Capital Private Limited ("VCPL") is a SEBI registered non-individual investment adviser. VCPL has separate identifiable department/ division for distribution and execution services of equity, derivatives, commodity, currency and mutual fund and is an Authorized Person (3826A) of Sharekhan Ltd (INZ000171337). VCPL is entering into an arrangement of zero commission/ brokerage sharing to provide implementation/execution services to its investment advisory client through Sharekhan Ltd.
 - b. This proposed arrangement is valid, because the Investment Advisory clients have direct Investment Advisory Agreement only with VCPL and it is not receiving any commission/ brokerage of Investment Advisory clients from Sharekhan Ltd till the advisory service period. So the proposed arrangement fulfills all the relevant applicable clauses of the Securities and Exchange Board of India (Investment Advisers) (Amendment) Regulations, 2020.
3. You have sought an interpretive letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 from SEBI on the following:

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा-कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.

दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर.एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.

Tel.: 2644 9950 / 4045 9950 (IVRS), 2644 9000 / 4045 9000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in



अनुवर्ती :
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- (a) Can a non-individual Investment Adviser becoming Authorized Person of Trading Member give Investment Advisory clients implementation/ execution services?
- (b) Investment adviser due to any unavoidable situation receive brokerage/ commission sharing of Investment Advisory clients from SEBI registered intermediary then what he should do with that amount?

Investment Adviser should return that brokerage/ commission amount to SEBI registered intermediary.

Or

If SEBI permits, then such amount can be deposited in SEBI established Investor Protection and Education Fund (IPEF)/ any stock exchange managed Investor Protection and Education Fund. So this will help to comply with the Securities and Exchange Board of India (Investment Advisers) (Amendment) Regulations, 2020 and ultimately help the investor community.

4. Our Comments

The submissions made in your letter have been considered. Without necessarily agreeing with your analysis, our response on the queries raised in your communications, are as under:

4.1. With regards to query 3.(a), the following is informed:

- a) As per Regulation 15(2) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013,

"An investment adviser shall not receive any consideration by way of remuneration or compensation or in any other form from any person other than the client being advised, in respect of the underlying products or securities for which advice is provided."

- b) Further, Regulation 22A of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 provides as under:

"(1) Investment adviser may provide implementation services to the advisory clients in securities market:

Provided that investment advisers shall ensure that no consideration including any commission or referral fees, whether embedded or indirect or otherwise, by whatever name called is received; directly or indirectly, at investment adviser's group or family level for the said service, as the case maybe.



अनुवर्ती :
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(2) Investment adviser shall provide implementation services to its advisory clients only through direct schemes/products in the securities market."

- c) It is thus seen that there is restriction under the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 for a registered IA to charge any implementation fees from its clients, at IA's group or family level. Further, as per the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, the IAs cannot receive any consideration, by whatever name called, whether directly or indirectly, at the IA's group or family level for the said implementation service given.
- d) In the instant matter, VCPL has submitted that apart from being an IA, it is also an authorised person of trading member, Sharekhkh Ltd. As per the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, while VCPL can provide implementation services to its advisory clients, it cannot receive any direct or indirect consideration, neither from its clients nor from any other entity for such implementation services at any point of time including the investment advisory service period.
- 4.2. With regards to query 3.(b), it is informed that the query sought by VCPL is in the form of seeking opinion, is hypothetical in nature and does not cite the relevant legal provisions. Hence, the same is not covered under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003.
5. This above position is based on the information furnished in your letter under reference. Different facts or conditions might lead to different interpretation. Further, this letter does not express decision of the Board on the questions referred.
6. You may note that the above views are expressed only with respect to the clarification sought in your letter under reference with respect to the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 and do not affect the applicability of any other law and requirements of any other SEBI Regulations, guidelines and circulars administered by the SEBI or of the laws administered by any other authority.

Yours faithfully,


Manaswini Mahapatra