

CIRCULAR

SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/147

October 25, 2024

To,

All Investment Advisers

Investment Adviser Administration and Supervisory Body” (“IAASB”)

Madam / Sir,

Sub: (A) Annual Compliance Certificate for Client Level Segregation by non-individual Investment Advisers; (B) Timeline for submission of periodic reports

(A) Annual Compliance Certificate for Client Level Segregation by non-individual Investment Advisers

1. SEBI, vide Circular no. SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020 and Master Circular for Investment Advisers dated May 21, 2024 (hereinafter mentioned as ‘Master Circular’), *inter alia*, specified that a non-individual investment adviser (IA) shall maintain on record an annual certificate from its statutory auditor confirming compliance with the client level segregation requirements as specified in Regulation 22 of the IA Regulations¹.
2. As a step towards ease of doing business and in terms of recommendation of the working group for review of compliance requirements for Investment Advisers and Research Analysts, as in case of an individual IA, it has been decided to allow a non-individual IA to obtain annual compliance certificate from any auditor in respect of abovementioned requirement.
3. In view of the above, the paragraph 1.2 (i) (i) of the Master Circular shall stand modified as under:

“1.2. (i) Client Level Segregation of Advisory and Distribution Activities

- (i) The IAs shall maintain on record an annual certificate from an auditor confirming compliance with the client level segregation requirements as specified in Regulation 22 of the IA Regulations. Such annual certificate***

¹ IA Regulations- SEBI (Investment Advisers) Regulations, 2013

shall be obtained within 6 months of the end of the financial year and form part of compliance audit, in terms of Regulation 19(3) of the IA Regulations.”

(B) Timeline for submission of periodic reports - 30 days from the end of reporting period

4. SEBI, vide Circular no. SEBI/HO/MIRSD/MIRSD-PoD-2/P/CIR/2024/38 dated May 7, 2024 and Master Circular dated May 21, 2024, specified periodic reporting format for IAs. As a step towards ease of doing business, it has been decided to grant a period of 30 days to make submission of periodic reports to IAASB. Accordingly, paragraph 20.6.ii of the Master Circular shall stand revised as under:
“20.6.ii
For the subsequent half-yearly periods, IAs shall submit periodic reports within 30 days from the end of the half-yearly period for which details are to be furnished.”
5. The provisions of this circular shall come into force with immediate effect.
6. IAASB is directed to:
 - 6.1. bring the provisions of this circular to the notice of the investment advisers and also disseminate the same on its website;
 - 6.2. make necessary amendments to the relevant Bye-laws, Guidelines, Standard Operating Procedures, Rules and Regulations for the implementation of the above decisions.
7. This circular is issued in exercise of powers conferred under Section 11(1) of Chapter IV of the Securities and Exchange Board of India Act, 1992, Regulation 14, 15(12) and 22(5) of the IA Regulations, to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.
8. This circular is available on SEBI website at www.sebi.gov.in under the category: ‘Legal → Circulars’.

Yours faithfully,

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