



CIRCULAR

SEBI/HO/IMD/DF1/CIR/P/2020/04

January 09, 2020

All Investment Advisors

Sir / Madam

Subject: Operating Guidelines for Investment Advisers in International Financial Services Centre.

1. SEBI has issued SEBI (International Financial Services Centres) Guidelines, 2015 (hereinafter referred to as 'IFSC Guidelines') on March 27, 2015 for facilitating and regulating financial services relating to securities market in an IFSC set up under section 18(1) of Special Economic Zones Act, 2005. The IFSC Guidelines provide for a broad framework for operating of various intermediaries (including Investment Advisers) therein, as defined in Clause 2 (1) (g) of the IFSC Guidelines. Further, in terms of Clause 3 (1) of the IFSC Guidelines, SEBI can issue guidelines for any entity desirous of undertaking any other financial services relating to securities market.
2. Based on the representations received from various stakeholders, it has been decided to put in place 'Operating Guidelines for Investment Advisers in IFSC'. The same is annexed herewith.
3. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
4. 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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Annexure

Operating Guidelines for Investment Advisers in International Financial Services Centre (IFSC)

1. Applicability of SEBI (Investment Advisers) Regulations, 2013 ('Investment Adviser Regulations')
The applicability of these operating guidelines is subject to such conditions that may be prescribed by the Board, Reserve Bank of India and other appropriate authority from time to time.

All provisions of the Investment Adviser Regulations, the guidelines and circulars issued thereunder, shall apply to Investment Advisers setting up/ operating in IFSC subject to the following paragraphs. Further, subsequent amendments in Investment Adviser Regulations, guidelines and circulars issued by SEBI for investment advisers shall be applicable to Investment Advisers in IFSC.

A. Registration of Investment Advisers for operating in IFSC

2. An application for grant of certificate of registration shall be made in accordance with the provisions of Chapter II of the Investment Adviser Regulations, accompanied by a non-refundable application fee as stated in para C of this Annexure.
3. The following persons shall be eligible to apply for an Investment Adviser Registration in IFSC to the Board:

Any entity, being a company or a limited liability partnership (LLP), which has the minimum prescribed net worth as specified below at the time of application can act as an Investment Adviser (IA) in the IFSC, in the following forms-

- a. Any recognised entity or entities desirous of operating in IFSC as an IA, may form a company or LLP to provide investment advisory services.

Explanation: "Foreign jurisdiction" shall be construed in accordance with Clause 2(1)(f) of SEBI (IFSC) Guidelines) 2015.

"Recognised entity" shall be construed in accordance with Clause 2(1)(j) of SEBI (IFSC) Guidelines) 2015.

4. Persons seeking registration under the Investment Adviser Regulations read with these Guidelines shall provide investment advisory services only to those persons referred in Clause 9 (3) of the IFSC Guidelines. Further, persons resident outside India and non-resident Indians seeking advice from IA in IFSC shall comply with the applicable guidelines issued by the relevant



overseas regulator/ authority.

5. The Board may grant certificate if it is satisfied that the applicant fulfils the requirements as specified in the Investment Adviser Regulations read with these guidelines.

B. Compliance Requirements, Conditions and Restrictions

6. Qualification and Experience Requirement [Corresponding Regulation in Investment Adviser Regulations- 7(1)]

Partners and representatives of applicants referred to in para 3 offering investment advice shall have:

- a. at all times, a professional qualification or post-graduate degree or post graduate diploma (minimum two years tenure) in finance, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognized by the central government or any state government or a recognised foreign university or institution or association; **and**
- b. an experience of at least five years in activities relating to advice in financial products or securities, or fund/ asset/ portfolio management, or investment advisory services.

7. Certification Requirement [Corresponding Regulation in Investment Adviser Regulations- 7(2)]

Partners and representatives of the applicants referred to in para 3 offering investment advice shall have, at all times, a certification on investment advisory services:

- a. in respect of partners and representatives resident in India-
- i. from National Institute of Securities Markets (NISM); or
- ii. from any other organization or institution including Financial Planning Standards Board India or any recognized stock exchange in India provided that such certification is accredited by NISM
- b. in respect of partners and representatives resident outside India, from any other organization or institution or association or stock exchange which is recognized/ accredited by a Financial Market regulator in that foreign jurisdiction.

However, certification from NISM shall be mandatory for partners and representatives of applicants who offer investment advice in relation to Indian securities markets.



8. Net Worth Requirement [Corresponding Regulation in Investment Adviser Regulations- 8]

In case of applicants referred to in para 3, the net worth requirement shall be as under:

- a. An applicant shall have a net worth of not less than USD 1.5 million.
 - b. In case the IA is set up as a subsidiary, the net worth requirement is to be met by the subsidiary itself. However, if the subsidiary does not meet the criteria, the net worth of the parent can be considered.
 - c. The IAs shall fulfil the aforesaid net worth requirement, separately and independently for each activity undertaken by it under the relevant regulations.
9. An IA shall ensure to conduct annual audit in respect of compliance with Investment Adviser Regulations and these guidelines from a chartered accountant or a company secretary or its equivalent under the laws in force of the country in which the applicant is registered or incorporated.
10. The conditions prescribed in Para 2 of Form A of First Schedule of Investment Adviser Regulations shall continue to apply, except for the following:
- a. In case of overseas applicants, a net worth certificate (not more than six months old at the time of filing of application) by a chartered accountant or its equivalent under the laws in force of the country in which the applicant is registered or incorporated, shall be provided. The membership number or any other identification number of the chartered accountant or its equivalent shall be included in the certificate.
 - b. In case of overseas applicants, a credit score from a body similar to CIBIL, if existing in the applicant's jurisdiction, shall be provided.

C. Amount to be paid as Fees

Application fees	USD 750
Registration fee for grant or renewal of certificate	USD 7,500
