

SEBI CA. Bhavesh Vora, CA Jayant Thakur	
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Key Updates: -

- **Advertisement Code for Investment Advisers (IA) and Research Analyst (RA)**

In order to further strengthen the code of conduct of IAs & RAs, while issuing any advertisement, it is directed that IAs/RAs shall ensure compliance with the advertisement code as mentioned below :-

1) Forms of Communication

Advertisement shall include all forms of communication shall include pamphlets, circulars, brochures, notices, research reports or any other literature, document, information or material published, or designed for use in any publication or displays (such as newspaper, magazine, sign boards/hoardings at any location), in any electronic, wired or wireless communication (such as electronic mail, text messaging, messaging platform, social media platforms, radio, telephone, or in any other form over the internet) or over any other audio-visual form of communication (such as television, tape recording, video tape recordings, motion pictures) or in any other manner whatsoever.

2) Information / disclosure in the advertisement

The information / disclosure shall include Name of IA/RA as registered with SEBI, registered office address, SEBI registration no., logo / brand name / trade name & CIN, also Standard warning shall be in legible font, the voice over reiteration shall be audible in a clear and understandable manner, standard warning should be accurately translated in the language of the advertisement.

Advertisements and communications/correspondences with clients shall include the disclaimer that "Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors."

3) Prohibition in the advertisement

The advertisement shall not contain misleading statements, misleading testimonials, statement that is exaggerated or is inconsistent with or unrelated to the nature of risk and return profile of the product, any statement which directly or indirectly discredits other advertisement or makes unfair comparison etc.

4) Other compliances / requirements

- a) Prior approval for the advertisement / material shall be obtained from SEBI recognised supervisory body.
- b) The IA / RA shall not engage in games, leagues, schemes, competition etc. which may involves distribution of prize monies, medals, gifts etc.
- c) These norms shall be applicable to any other investment / research / consultancy agency associated with the IA / RA concerned and issuing advertisement wherein the IA/RA has been named in advertisement.
- d) Copy of the advertisement shall be retained by IA/RA for a period of five years in terms of Regulation 19(2) of the SEBI (Investment Advisers) Regulations, 2013 and Regulation 25 (2) of SEBI (Research Analysts) Regulations, 2014 respectively

- **Norms for Scheme of Arrangement by unlisted Stock Exchanges, Clearing Corporations and Depositories**

With a view to bring uniformity in the terms related to scheme of arrangement for unlisted MIIs (Market Infrastructure Institution) in line with provisions currently applicable to listed MIIs, SEBI after recommendation of SMAC (Stock Market Advisory Committee) have issued detailed framework for scheme of arrangement by unlisted MIIs :-

- 1) The unlisted MIIs desirous of undertaking a scheme of arrangement or involved in the scheme of arrangement shall file draft scheme of arrangement along with a non – refundable fee with SEBI for obtaining the observation letter or no – objection letter, before filing such scheme with any Court or Tribunal.
- 2) The unlisted MIIs shall provide Draft Scheme, approval of governing board, valuation report, reports from Audit Committee on need for scheme etc, Fairness opinion, shareholding pre & post, NOC from the lending institutions, Report on complaints containing the details of comments received by it from various sources, Detailed compliance report, Information on pending litigations.

3) While processing the draft scheme SEBI may seek clarifications from any person relevant in this regard including the unlisted and also seek opinion from Independent Chartered Accountant.

- **Usage of brand name / trade by Investment Advisers (IAs) & Research Analysts (RA)**

In order to ensure transparency in usage of brand name / trade name / logo by investment advisors and research analyst, SEBI vide circular dated 6th April 2023 has directed Investment Advisers (IAs) & Research Analysts (RA) to ensure that :-

- a) The Information such as name of the IA/RA as registered with SEBI, its logo, its registration number and its complete address with telephone numbers shall be prominently displayed on portal/web site, if any, notice board, display boards, advertisements, publications, know your client forms and client agreements.
- b) The information such as name of the IA/RA as registered with SEBI, its logo, its registration number, its complete address with telephone numbers, the name of the Compliance officer, his telephone number and e-mail address, the name, telephone number and e-mail address of the grievance officer or the Grievance redressal cell shall be displayed prominently in statements or reports or any other form of correspondence with the client.
- c) Disclaimer that "Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors" shall be mentioned on portal/web site, if any, notice board, display boards, advertisements, publications, know your client forms, client agreements, statements or reports or any other form of correspondence with the clients.
- d) SEBI logo shall not be used by IA/RA.

- **Bank Guarantee created out of clients funds**

Currently Stock Brokers / Clearing Members (CM) pledge client's funds with Banks which in turn Issue Bank Guarantees to clearing corporations for higher amounts. This implicit leverage exposes the market and especially the client's funds to risk. After discussion with various stakeholders, SEBI vide circular dated 25th April 2023 has decided that:-

- a) Beginning May 01, 2023, no new BGs shall be created out of clients' funds by SBs/CMs
- b) Existing BGs created out of clients' funds shall be wound down by September 30, 2023

The provisions of this framework shall not be applicable for proprietary funds of SBs/CMs in any segment and SB's proprietary funds deposited with CM in the capacity of a client.