

CIRCULAR

SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/19

February 17, 2025

To,

All Investment Advisers

Investment Adviser Administration and Supervisory Body (IAASB)

Madam / Sir,

Sub: Most Important Terms and Conditions (MITC) for Investment Advisers

1. In terms of Regulation 19(1) (d) of the SEBI (Investment Advisers) Regulations, 2013 ('IA Regulations'), an Investment Adviser ('IA') is required to enter into an investment advisory agreement with its client. SEBI, vide Circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2025/003 dated January 08, 2025 has inter alia specified that the investment advisory agreement shall also include the Most Important Terms and Conditions ('MITC') to be disclosed by IA and the same shall be standardized by Industry Standards Forum ('ISF') in consultation with IAASB and SEBI.
2. In view of the above, the MITC for the services of IAs, as standardized by the ISF for Investment Advisers in consultation with IAASB and SEBI is placed at **Annexure A**.
3. For existing clients, the MITC shall be informed by the IAs to the clients via email or any other suitable mode of communication (which can be preserved) by June 30, 2025. For investment advisory agreements entered by IA with clients after the date of this circular, IAs shall incorporate the MITC into the investment advisory agreement and shall disclose and take consent from clients in the manner specified in the Clause 2 (xi) of the SEBI Circular no. SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2025/003 dated January 08, 2025.
4. The provisions of this circular shall come into force with immediate effect.
5. 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 19 (1) (d) of the IA

Regulations to protect the interests of investors in securities market and to promote the development of, and to regulate the securities markets.

6. This circular is available on SEBI website at www.sebi.gov.in under the category: 'Legal
→ Circulars

Yours faithfully,

Aradhana Verma
General Manager
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Most Important Terms and Conditions (MITC)
[Forming part of the Investment Advisory Agreement]

1. The Investment Adviser (IA) shall only accept payments towards its fees for Investment Advisory Services and is not permitted to accept funds or securities in its account on the client's behalf.
2. The IA does not guarantee returns, accuracy, or risk-free investments. All advice is subject to market risks, and there is no assurance of any returns or profits.
3. Any assured/guaranteed/fixed returns schemes or any other schemes of similar nature are prohibited by law. No scheme of this nature shall be offered to the client by the IA.
4. Investment advice, only related to securities shall fall under the purview of SEBI. In case of any services offered by IA related to products/services not under the purview of SEBI, IA shall make disclosure to the client and take appropriate declaration and undertaking from the client that such products/services and the services of IA in respect of such products/services do not come under regulatory purview of SEBI and that no recourse is available to the client with SEBI for grievances related to such products/services or services of IA in respect of such products/services.
5. This agreement is for the investment advisory services provided by the IA and IA cannot execute/carry out any trade (purchase/sell transaction) on behalf of the client without his/her/its specific and positive consent on every trade. Thus, the client is advised not to permit IA to execute any trade on his/her/its behalf without explicit consent.
6. The fee charged by IA to the client will be subject to the maximum of amount prescribed by SEBI/Investment Adviser Administration and Supervisory Body (IAASB) from time to time (applicable only for Individual and HUF Clients).

Note:

- (i) The current fee limit under Fixed Fee mode is Rs 1,51,000/- per annum per family of client. Under Assets under Advice (AUA) mode, maximum fee limit is 2.5 per cent of AUA per annum per family of client.
 - (ii) The IA may change the fee mode at any time with the client's consent; however, the maximum fee limit in such cases shall be higher of fee limit under the fixed fee mode or 2.5 per cent of AUA per annum per family of client.
 - (iii) The fee limits do not include statutory charges.
 - (iv) The fee limits apply only for investment advice related to securities under purview of SEBI.
 - (v) The fee limits do not apply to a non-individual client / accredited investor.
7. IA may charge fees in advance if agreed by the client. Such advance shall not exceed the period stipulated by SEBI; presently it is maximum two quarters. In case of premature termination of the IA services by the client or the IA, the client shall be entitled to seek refund of proportionate fees only for unexpired period. However, IA is entitled to retain a maximum breakage fee of not greater than one-quarter fee.
 8. Fees to IA may be paid by the client through any of the specified modes like cheque, online bank transfer, UPI, etc. Cash payment is not allowed. Optionally the client can make payments through Centralized Fee Collection Mechanism (CeFCoM), managed by BSE Limited (i.e. currently recognized IAASB).

9. The IA is expected to know the client's financial details for providing services. Hence, the client is required to share the financial information (e.g. income, existing investments, liabilities, etc.) with the IA.
10. The IA is required to carry out the client's risk profiling and suitability analysis before providing services and thereafter on an ongoing basis. The services provided will be in line with the assessed risk profile. IA shall also communicate the assessed risk profile to the client.
11. As part of conflict of interest management, the client or the client's family members will not be provided any distribution services by IA or any of its group entity/ family members. IA shall, wherever available, advice direct plans (non-commission based) of products only.

The IA shall endeavor to promptly inform the client of any conflict of interest that may affect the services being rendered to the client.

12. For any grievances,

Step 1: The client should first contact the IA using the details on its website or following contact details:

(IA to Provide details as per 'Grievance Redressal / Escalation Matrix')

Step 2 : If the resolution provided by IA is unsatisfactory, the client can lodge grievances through SEBI's SCORES platform at www.scores.sebi.gov.in

Step 3: If the client remains dissatisfied with the outcome of the SCORES complaint, the client may consider the Online Dispute Resolution (ODR) through the Smart ODR portal at <https://smartodr.in>

13. The SEBI registration, enlistment with IAASB, and NISM certification do not guarantee the performance of IA or assure returns to the client.
14. Clients are required to keep contact details, including email id and mobile number/s updated with the IA at all times.
15. The IA shall never ask for the client's login credentials and OTPs for the client's Trading Account, Demat Account and Bank Account. Never share such information with anyone including IA.