

VIII. ANNEXURES

ANNEXURE A

TERMS AND CONDITIONS OF AGREEMENT BETWEEN IA AND THE CLIENT

Investment Adviser shall ensure that the following terms and conditions are incorporated in the Investment Advisory Agreement:

1. Appointment of the Investment Adviser: In accordance with the applicable laws, client hereby appoints, entirely at his / her / its risk, the Investment Adviser to provide the required services in accordance with the terms and conditions of the agreement as mandated under Regulation 19(1)(d) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013.
2. The agreement shall clearly provide for in the first page:
 - a) the consent of the client on the following understanding:
 - “I / We have read and understood the terms and conditions of Investment Advisory services provided by the Investment Adviser along with the fee structure and mechanism for charging and payment of fee.
 - Based on our written request to the Investment Adviser, an opportunity was provided by the Investment Adviser to ask questions and interact with ‘person(s) associated with the investment advice’”.
 - b) Declaration from the Investment Adviser that:
 - Investment Adviser shall neither render any investment advice nor charge any fee until the client has signed this agreement.

- Investment Adviser shall not manage funds and securities on behalf of the client and that it shall only receive such sums of monies from the client as are necessary to discharge the client's liability towards fees owed to the Investment Adviser.
 - Investment Adviser shall not, in the course of performing its services to the client, hold out any investment advice implying any assured returns or minimum returns or target return or percentage accuracy or service provision till achievement of target returns or any other nomenclature that gives the impression to the client that the investment advice is risk-free and/or not susceptible to market risks and or that it can generate returns with any level of assurance.
- c) Fees specified under Investment Adviser Regulations and relevant circulars issued thereunder. (to be specifically mentioned here)
- d) Fees charged to the client. (to be specifically mentioned here)
3. Scope of services: The services to be provided by the Investment Adviser to be described in detail. However, the same shall be subject to the activities permitted under the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013. The Investment Adviser shall act in a fiduciary capacity towards its clients at all times.
4. Functions of the Investment Adviser: Functions, obligations, duties and responsibilities of the Investment Adviser (including principal officer and all persons associated with the investment advice), with specific provisions covering, inter alia,:
- a) Terms of compliance with the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 and its amendments, rules, circulars and notifications.
 - b) Compliance with the eligibility criteria as specified under the Investment Adviser Regulations at all times.
 - c) Risk assessment procedure of client including their risk capacity and risk

aversion.

- d) Providing reports to clients on potential and current investments.
- e) Maintenance of records i.e. client-wise KYC, risk assessment, analysis reports of investment advice and suitability, terms and conditions document, related books of accounts and a register containing list of clients along with dated investment advice and its rationale in compliance with the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013.
- f) Provisions regarding audit as per the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013.
- g) Undertaking to abide by the Code of Conduct as specified in the Third Schedule of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013.

5. Investment objective and guidelines:

- a) Types of securities in which investment advice would be provided, including an undertaking from the investment adviser to recommend direct implementation of advice i.e. through direct schemes/direct codes, and other client specifications / restrictions on investments, if any.
- b) Particulars regarding financial plan or model or strategy as agreed with the client (based on the risk profiling conducted for the client, total AUA of the client and time period for deployment).
- c) Tax related aspects pertaining to investment advice and as applicable on the investment adviser's fee.

6. Risk Factors: A detailed statement of risks associated with each type of investment covering the standard risks associated with each type of investment in securities and investment products.

7. Validity of advisory services: Minimum period if any, and provision for renewal, if any, along with terms and conditions for such renewal.

8. Amendments – The agreement may be amended by mutual written consent of the parties.

9. Termination – This Agreement may be terminated under the following circumstances, namely-

- a) Voluntary/ mandatory termination by the Investment Adviser.
- b) Voluntary/ mandatory termination by the client.
- c) Suspension/ Cancellation of registration of Investment Adviser by SEBI.
- d) Any other action taken by other regulatory body/ Government authority.

In case of a voluntary termination of the agreement, the client would be required to give a 30 days prior written notice while the Investment Adviser would be required to give a 30 days prior written notice.

In case of suspension of the certificate of registration of the IA, the client may be provided with the option to terminate the agreement.

10. Implications of Amendments and termination: The implications of Amendment, Termination and assignment, such as set off of fees received by the Investment Adviser, refund of fees, completion/termination of investment-in-progress, transition support obligations of the Investment Adviser, etc. shall also be provided in detail.

11. Relationship with related parties: The Investment Adviser to clearly declare that it is carrying on its activities independently, at an arms-length basis with its related parties. Disclosures of conflicts to be made.

12. Investment Adviser engaged in other activities:

- i. The Investment Adviser (individual) to represent to the client that it maintains an arms-length relationship between its activities as an investment adviser and other activities and to covenant that this arm's length relationship shall be maintained throughout the tenure of advisory service;

- ii. In case of Investment Adviser who are individuals:
 - (a) to represent that they shall not provide any distribution services.
 - (b) to represent that the family of an individual Investment Adviser shall not provide distribution services to the client advised by the individual Investment Adviser, for securities and investment products.
 - (c) to represent that they shall not provide investment advisory services, for securities and investment products, to a client who is receiving distribution services from other family members;
- iii. The Investment Adviser (non-individual);
 - (a) to represent that they shall not provide any distribution services, for securities and investment products, either directly or through their group to an advisory client.
 - (b) to represent that they shall not provide investment advisory services, for securities and investment products, either directly or through their group to the distribution client.
- 13. Representation to client: The investment adviser to ensure that it will take all consents and permissions from the client prior to undertaking any actions in relation to the securities or investment product advised by the investment adviser.
- 14. No right to seek Power of Attorney: The Investment Adviser to clearly declare that it shall not seek any power of attorney or authorizations from its clients for implementation of investment advice.
- 15. No conflict of interest: The Investment Adviser to clearly declare that it will disclose all conflicts of interest as and when they arise and not derive any direct or indirect benefit out of the client's securities/investment products.
- 16. Maintenance of accounts and confidentiality: Investment Adviser shall be responsible for maintenance of client accounts and data as mandated under the Securities and Exchange Board of India (Investment Advisers) Regulations,

2013.

17. Terms of fees and billing:

(a) Provide specific details on the following:

- i. The quantum and manner of payment of fees for investment advice rendered.
- ii. Fee modalities and periodicity, by attaching a detailed fee schedule to the agreement;
- iii. Illustration(s) on how the fee will be determined;
- iv. whether payment to be made in advance;
- v. type of documents evidencing receipt of payment of fee;
- vi. Periodicity of billing with clear date and service period

(b) The payment of fees shall be through a mode which shows traceability of funds. Such modes may include account payee crossed cheque/ Demand Drafts or by way of direct credit to the bank accounts through NEFT/ RTGS/ IMPS/ UPI or any other mode specified by SEBI from time to time. However, the fees shall not be accepted in cash.

18. Liability of Investment Adviser: The agreement to clearly state that the Investment Adviser shall not incur any liability by reason of any loss, which a client may suffer by reason of any depletion in the value of the assets under advice, which may result by reason of fluctuation in asset value, or by reason of non-performance or underperformance of the securities/funds or any other market conditions.

19. Representations and covenants: Adequate and appropriate representations about qualifications of the adviser, principal officer, persons associated with the investment advice, receipt of all applicable approvals and consents (from regulatory / statutory bodies, third party consents, corporate approvals etc.) and covenant to maintain them throughout the validity of advisory service.

20. Death or Disability of client: Provisions in relation to continuation / termination of the advisory service in event of client's death / disability, succession, nomination, representation etc. to be incorporated.
21. Death or Disability of investment adviser: Every individual investment adviser must appoint one of its legal heirs, executor, trustee, administrator of estate of the deceased (the "Obligor") as the person-in-charge in the event of investment adviser's death / disability. The agreement must set out the full name, PAN and contact details of such Obligor. The agreement must disclose the steps to be taken by the Obligor in the event of the above eventuality in order to ensure protection of interest of the clients and redressal of clients' claims, including but not limited to (a) giving notice to all clients of the occurrence of the eventuality and confirmation of having taken charge over by the Obligor (b) settlement of account with the client (fees payable and/or fees refundable), (c) completion of transition of any outstanding business to another duly registered investment adviser, (d) redressal of any outstanding or new disputes / claims of clients.
22. Settlement of disputes and provision for arbitration: Adequate provisions to cover protection of acts done in good faith as well as for dispute resolution mechanism including arbitration that may be specified under the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013.
23. Adherence to grievance redressal timelines: Investment Adviser shall be responsible to resolve the grievances within the timelines specified under SEBI circulars.
24. Severability: If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of this Agreement shall not be affected thereby.
25. Force Majeure: The Investment Adviser shall not be liable for delays or errors occurring by reason of circumstances beyond its control, including but not limited to acts of civil or military authority, national emergencies, work stoppages, fire, flood, catastrophe, acts of God, insurrection, war, riot, or failure of communication or power supply. In the event of equipment breakdowns

beyond its control, the Advisor shall take reasonable steps to minimize service interruptions but shall have no liability with respect thereto.

26. Miscellaneous: Each party agrees to perform such further actions and execute such further agreements as are necessary to effectuate the purposes hereof.

ANNEXURE B

Most Important Terms and Conditions (MITC) for Investment Advisers⁴⁰

[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).

⁴⁰ Reference: Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/19 dated February 17, 2025

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 one year. 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, advise 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.

Note: For existing clients as on February 17, 2025, 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.