

CIRCULAR

SEBI/HO/MIRSD/MIRSD-POD-1/P/CIR/2024/120

September 13, 2024**All Registered Investment Advisers****All Registered Research Analysts****Investment Adviser Administration and Supervisory Body (IAASB)****Research Analyst Administration and Supervisory Body (RAASB)**

Dear Sir/Madam,

Subject: Optional mechanism for fee collection by SEBI registered Investment Advisers (IAs) and Research Analysts (RAs)

1. With the growing interest in the securities market, there is a need for a mechanism for an investor to discern whether payment of fees is being made only to a registered IA/RA. In order to create a closed and transparent payment ecosystem, consultations were held with relevant stakeholders on the proposal of a separate centralized mechanism for fee collection by IAs and RAs.
2. Pursuant to public consultation and various discussions with stakeholders, the “**Centralized Fee Collection Mechanism for IA and RA**” (CeFCoM) is being operationalized to facilitate collection of fees by registered IAs and RAs from their clients.
3. Under this mechanism, clients shall pay fees to IAs/RAs, through a designated platform/portal administered by recognized Administration and Supervisory Body (ASB).
4. The mechanism has been co-created by BSE Limited with the help of various stakeholders. BSE Limited shall specify the operational framework for the mechanism on or before September 23, 2024 and make the mechanism operational from October 01, 2024.
5. Though the mechanism is optional, ASB, in the interest of investors, shall take steps to encourage clients and the registered IAs and RAs to avail the services of

this mechanism. Registered IAs and RAs shall encourage their clients to use this mechanism.

6. 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 14 and regulation 15A of SEBI (Investment Advisers) Regulations, 2013 and SEBI (Research Analysts) Regulations, 2014 to protect the interests of investors in securities market and to promote the development of, and to regulate the securities market.
7. This circular is available on SEBI website at www.sebi.gov.in under the categories "Legal > Circulars", "Info For > Investment Advisers" and "Info For > Research Analysts".

Yours faithfully,

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