

SEBI Relaxes Advance Fee Rules for Investment Advisers & Research Analysts

The Securities and Exchange Board of India (SEBI) vide its **Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/48 dated April 2, 2025**, has relaxed the advance fee restrictions for Registered Investment Advisers (IAs) and Research Analysts (RAs).

Following feedback and a consultation paper, the Market Regulator has increased the permissible advance fee period from three months for RAs and two quarters for IAs to one year, provided it is agreed upon by the client.

This change aims to address concerns that shorter advance fee periods disincentivized long-term recommendations. The relaxed provisions apply specifically to individual and Hindu Undivided Family (HUF) clients who are not accredited investors.

Fees for non-individual clients, accredited investors, and institutional proxy adviser recommendations will be determined through bilateral contracts. The circular, effective immediately, directs BSE Limited, the IAASB/RAASB, to inform IAs and RAs of these changes.

Link - https://www.sebi.gov.in/legal/circulars/apr-2025/relaxation-of-provision-of-advance-fee-restrictions-in-case-of-investment-advisers-and-research-analysts_93251.html