

CIRCULAR

SEBI/HO/MIRSD/ MIRSD-PoD-2/P/CIR/2023/51

April 05, 2023

To,

All Registered Investment Advisers

All Registered Research Analysts

Sir / Madam,

Sub: Advertisement code for Investment Advisers (IA) and Research Analysts (RA)

1. Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 and Securities and Exchange Board of India (Research Analysts) Regulations, 2014 provide for code of conduct to be followed by IAs and RAs respectively. In order to further strengthen the conduct of IAs and RAs, while issuing any advertisement, it is directed that IAs/RAs shall ensure compliance with the advertisement code as prescribed below:

a. Forms of communication:

- i. Advertisement shall include all forms of communications, issued by or on behalf of IA/RA, that may influence investment decisions of any investor or prospective investor.
- ii. The forms of communications, to which the advertisement code shall be applicable, 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 platforms,

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.

b. Information/disclosures in the advertisement:

The information/disclosures that the advertisement shall contain, include the following-

- i. Name of the IA/RA as registered with SEBI, registered office address, SEBI Registration No., logo/brand name/trade name of IA/RA, and CIN of the IA/RA, if applicable.
- ii. Information which is accurate, true and complete in unambiguous and concise language.
- iii. Standard warning in legible fonts (minimum 10 font size) which states “Investment in securities market are subject to market risks. Read all the related documents carefully before investing.”. No addition or deletion of words shall be made to/from the standard warning.
- iv. In audio-visual media based advertisements, the standard warning in visual media based advertisement and accompanying voice over reiteration shall be audible in a clear and understandable manner. For example, in standard warning both the visual and the voice over reiteration containing 20 words running for at least 10 seconds may be considered as clear and understandable.
- v. Whenever the advertisement is being issued in a language other than English, it will be ensured that the standard warning is accurately translated in the language of the advertisement.

- vi. In case the mode of advertisement is SMS/Message/Pop-up, social media etc. and the details such as full name, logo/brand name, full registered office address, SEBI registration number, membership number of a SEBI recognized supervisory body and standard disclaimer are not mentioned, then official website hyperlink should be provided in such SMS/Message/Pop-up, etc. and the website must contain all such details.
- vii. In case any specific security/securities are displayed in the advertisement as examples, disclaimer that "The securities quoted are for illustration only and are not recommendatory" should be mentioned.
- viii. 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."

c. Prohibitions in the advertisement:

The advertisement shall not contain:

- i. Anything which is prohibited for publication under the law.
- ii. Statements which are false, misleading, biased or deceptive, based on assumptions or projections.
- iii. Any misleading or deceptive testimonials.
- iv. Statements which, directly or by implication or by omission, may mislead the investor.
- v. Any statement likely to be misunderstood or likely to disguise the significance of the same or any other statement contained in the advertisement.

- vi. Any statement designed to exploit the lack of experience or knowledge of the investors.
- vii. Any statement that is exaggerated or is inconsistent with or unrelated to the nature and risk and return profile of the product.
- viii. Extensive use of technical or legal terminology or complex language and the inclusion of excessive details which may distract the investors.
- ix. Reference to any report, analysis, or service as free, unless it actually is free and without condition or obligation.
- x. Any promise or guarantee of assured or risk free return to the investors.
The advertisement shall not imply 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/recommendation of research report is risk-free and/or not susceptible to market risks and/or that it can generate returns with any level of assurance.
- xi. Any statement which directly or indirectly discredits other advertisements or intermediaries or makes unfair comparisons or ascribes any qualitative advantage over other intermediaries directly or indirectly.
- xii. Reference to past performance of the IA/RA.
- xiii. Superlative terms such as “Best”, “No. 1”, Top Adviser/Research Analyst, “Leading”, “One of the best amongst market leaders”, etc. so as to provide any endorsement of quality or standing of the IA/RA. However, factual details of awards received by the IA/RA from independent organizations may be included.



xiv. Advertisements shall not include SEBI Logo.

d. Other compliances/requirements:

- i. Prior approval for the advertisement/material shall be obtained from SEBI recognized supervisory body (e.g. BSE Administration & Supervision Ltd. (BASL) in case of IAs) before issue.
- ii. In the event of suspension of any IA/RA by SEBI and/or by SEBI recognized supervisory body, the IA/RA so suspended shall not issue any advertisement either singly or jointly with any other IA/RA, during the period of suspension.
- iii. The IA/RA shall not engage in games, leagues, schemes, competitions etc. which may involve distribution of prize monies, medals, gifts, etc.
- iv. 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 the advertisement.
- v. 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.
- vi. Any additional guidelines as may be specified by SEBI or SEBI recognized supervisory body from time to time.

2. The provisions of this circular shall be applicable with effect from May 01, 2023.
3. This circular is issued in exercise of powers conferred under section 11(1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities market and to promote the development of, and to regulate the securities market.



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

4. This circular is available on the SEBI website at www.sebi.gov.in under the category "Legal →Circulars".

Yours faithfully,

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