# SEBI Consultation Paper (CP) to curb association of SEBI Registered Intermediaries (RIs) with unregistered Finfluencers

of the present Consultation Paper

- Several Unregistered Entities (UEs)
  /finfluencers are offering financial
  advice/promoting financial
  products/services
- They do not adhere to advertising guidelines, disclose details relating to their compensation structure, etc
- SEBI is proposing measures to put a brake to the menace of mushrooming numbers of such unregistered financial influencers
- Aims to limit the tie-up of RIs/Regulated Entities (REs) with UEs and to scrutinize their revenue models among other things.

Influencer

#### **Finfluencer**

- having access to audience; and
- power to affect their purchasing decisions/ opinions about a product, service, brand or experience
- providing information/ advice on financial topics like investing in securities, banking products, insurance etc.;
- through catchy content on social/ digital media channels;
- ability to influence investment decision of their followers

### **Proposals in the Consultation Paper**

RI/REs not to have any relationship (monetary/ otherwise) with UEs for promotion/ advertisement of their products/ services

RIs/ REs not to disclose confidential information of their clients with UEs

Registered Finfluencers to display their registration no., contact details, investors' grievance redressal helpline on any post they make

UEs to adhere with advertisement guidelines, issued by SEBI

RIs/ REs cannot pay any referral fees (fixed/ variable), either upfront or in a trail manner to UEs

Taking necessary action to intimate the concerned enforcement agency in case of any breach

### Finfluencers registration categories

- Research Analyst (RA) under SEBI (RA) Regs, 2014
- Investment Adviser (IA) under SEBI (IA) Regs, 2013
- Authorized Persons under a Stock Broker

## <u>CP</u> on Fee collection mechanism by IAs and RAs

- SEBI has proposed to create a designated platform and a closed ecosystem for fee collection by IAs/ RAs
- To ensure payments only reach registered intermediaries
- To help investors identify, isolate and avoid UEs

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