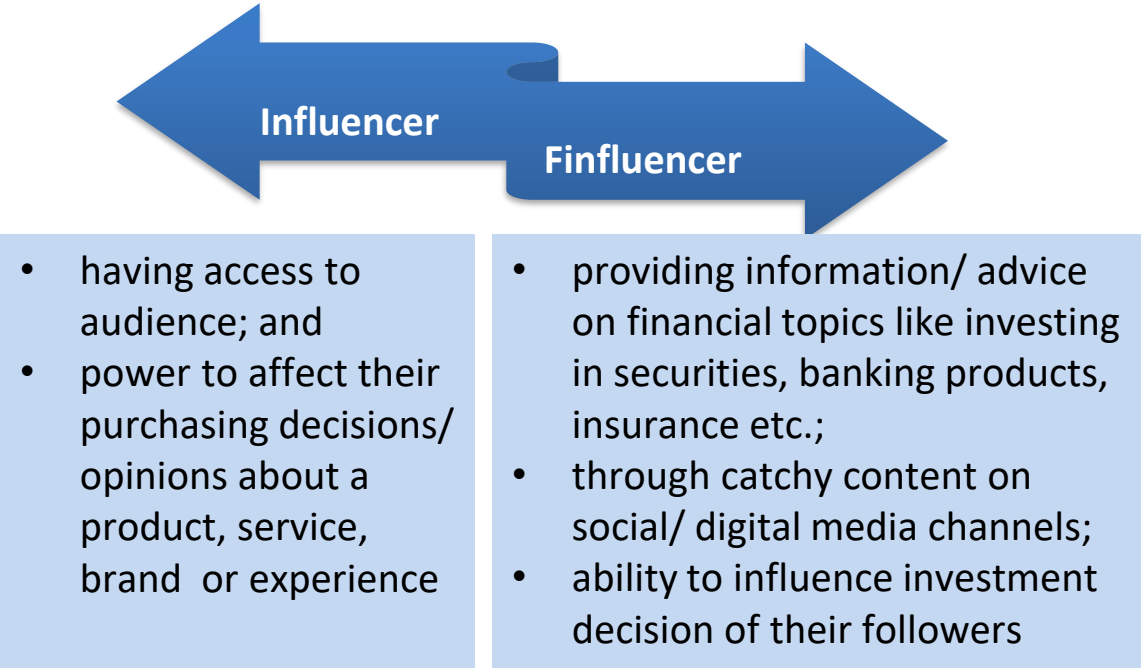


SEBI [Consultation Paper](#) (CP) to curb association of SEBI Registered Intermediaries (RIs) with unregistered Finfluencers

Background 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.



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

CP 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