

**INDICATIVE LIST OF COMMON OBSERVATIONS NOTED DURING INSPECTION / ANNUAL COMPLIANCE  
AUDIT REPORT  
(BSE Administration & Supervision Ltd.)**

Sr. No.	Violation Heading	Violation Observed
1	Infrastructure of IAs	<ul style="list-style-type: none"> <li>• Do not have necessary infrastructure to effectively discharge the activities of an investment advisory.</li> </ul>
2	KYC and Onboarding Process and Maintenance of records	<ul style="list-style-type: none"> <li>• Failure to obtain registration with KRA and CKYC.</li> <li>• Client Agreements are not properly executed. Appropriate disclosures are not given in the agreements.</li> <li>• Copy of agreement is not shared with clients.</li> <li>• Client's name and Clients PAN number are not mapped correctly.</li> <li>• Failure to maintain data related to the Investment advice such as client's KYC, risk profiling, investment advice, rationale for arriving at investment advice.</li> <li>• Failure to maintain records of interactions with all clients where conversation related to advice has taken place.</li> </ul>
3	Risk Profiling and Suitability	<ul style="list-style-type: none"> <li>• Risk Profiling is not done by the IA.</li> <li>• Risk profiling questionnaires are filled by the sales executives.</li> <li>• Not adhering with onboarding process as per IA regulation including improper Risk Profiling /suitability assessment and failure to provide risk profiling /suitability report to client.</li> <li>• Not obtaining client consent on completed risk profile.</li> <li>• Investment advice provided is not in line with the Risk Profiling. For Example - few of the IAs are providing advisory services related to Equity &amp; Equity derivatives only to all category of the Investor. Equity itself is high risk product hence does not fit having low and medium risk categories of investors.</li> <li>• Providing derivatives products to all investors irrespective of risk profiling.</li> <li>• Not providing advice based on the requirement of individual clients. Instead, providing the same set of investment advice to a particular set of clients (based on the schemes selected by clients). The advice provided to clients is neither customized as per clients need nor personalized.</li> <li>• Single Risk category of all clients is generated by the risk profiling tool and there is no categorization of clients into low, medium and high risk.</li> </ul>
4	Promising assured returns	<ul style="list-style-type: none"> <li>• Assured returns are promised to clients.</li> <li>• Free trials provided to clients</li> </ul>

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5	Modes of fees charged /excess fees charged to clients.	<ul style="list-style-type: none"> <li>• Fees charged above Rs. 1,25,000/- p.a. to clients who have opted fixed fee mode.</li> <li>• Fees charged in excess of 2.5% under AUA fee mode.</li> <li>• Fees charged in both fixed and AUA mode to clients within 12 months of on boarding / last change of mode of fees.</li> </ul>
6	Networth	<ul style="list-style-type: none"> <li>• Failure to Maintain net worth as per SEBI IA Regulation.</li> </ul>
7	Qualifications /certifications & experience of Principal Officer (PO) and Persons associated with Investment Advice (PAIA)	<ul style="list-style-type: none"> <li>• Principal Officer/Person Associate with Investment Advice do not hold valid NISM certificate.</li> <li>• PAIA do not have required qualification and experience.</li> <li>• Failure to intimate BASL regarding appointment / resignation of Principal Officer and Person Associated with Investment Advice.</li> </ul>
8	Redressal of client grievances	<ul style="list-style-type: none"> <li>• RIA has failed to redress client's grievances within the timelines specified under SEBI circulars.</li> <li>• RIA has failed to provide status of complaints on website.</li> <li>• Non display of Investor charter on website and mobile applications. If website/ mobile application is not maintained, investor charter emails not sent to clients.</li> </ul>
9	Other Observations	<ul style="list-style-type: none"> <li>• Failure to disclose IA details such as name, registration no, address etc on website.</li> <li>• Failure to intimate FIU-IND of appointment of Principal Officer.</li> <li>• Failure to maintain internal policies including Anti-Money Laundering policy.</li> <li>• Continuing as individual IA after reaching threshold of 150 clients.</li> <li>• Failure to display SEBI RIA registration certificate / grievance redressal mechanism details in IA office.</li> <li>• Inform material change in Form A and intimate to BASL the changes along with proper documentation.</li> <li>• Non submission of Annual Compliance Report along with Action Taken Report if any.</li> <li>• Advertisements are issued without relevant approval / Advertisement approval number is not displayed in advertisement.</li> </ul>