

## Sample Investment Advisory Agreement

Dear XXXXXX,

I would like to thank you for taking the time to discuss your interest in working with me. I welcome the opportunity to work with you as your Investment Adviser. This Letter of Engagement is intended to outline the scope and terms of the engagement between us.

Parties to this engagement: This Letter of Engagement outlines the services to be provided by me, **Devendra Singh Negi**, in the capacity of an Investment Adviser to you, **Mr. XXXXXX**, the client.

If the scope or terms of the engagement change, they should be documented in writing and mutually agreed upon by all parties to the engagement.

Appointment of the Investment Adviser: In accordance with the applicable laws, the client hereby appoints, entirely at his/her/its risk, the Investment Adviser to provide the required services in accordance with the terms and conditions of the agreement as mandated under Regulation 19(1)(d) of the Securities and Exchange Board of India (SEBI) (Investment Advisers) Regulations, 2013.

Consent of the Client: I/We have read and understood the terms and conditions of Investment Advisory services provided by the Investment Adviser along with the fee structure and mechanism for charging and payment of fee.

Based on our written request to the Investment Adviser, an opportunity was provided by the Investment Adviser to ask questions and interact with "person(s) associated with the investment advice".

Declaration by the Investment Adviser: Investment Adviser shall neither render any investment advice nor charge any fee until the client has signed this agreement.

Investment Adviser shall not manage funds and securities on behalf of the client and shall only receive such sums of monies from the client as are necessary to discharge the client's liability towards fees owed to the Investment Adviser.

Investment Adviser, shall not during the course of performing its services to the client, hold out any investment advice implying 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 is risk-free and/or not susceptible to market risks and or that it can generate returns with any level of assurance.

Fees specified under Investment Adviser Regulations and relevant circulars issued thereunder: Regulation 15 A of the amended IA Regulations provide that Investment Advisers shall be entitled to charge fees from a client in the manner as specified by SEBI, accordingly Investment Advisers shall charge fees from the clients in either of the two modes:

***(A) Assets under Advice (AUA) mode***

- a. The maximum fees that may be charged under this mode shall not exceed 2.5 percent of AUA per annum per client across all services offered by IA.
- b. IA shall be required to demonstrate AUA with supporting documents like demat statements, unit statements etc. of the client.
- c. Any portion of AUA held by the client under any pre-existing distribution arrangement with any entity shall be deducted from AUA for the purpose of charging fee by the Investment adviser.

***(B) Fixed fee mode***

The maximum fees that may be charged under this mode shall not exceed **INR 1,25,000** per annum per client across all services offered by Investment adviser.

***General conditions under both modes***

- a. In case “family of client” is reckoned as a single client, the fee as referred above shall be charged per “family of client”.
- b. IA shall charge fees from a client under any one mode i.e. (A) or (B) on an annual basis. The change of mode shall be effected only after 12 months of on boarding/last change of mode.
- c. If agreed by the client, IA may charge fees in advance. However, such advance shall not exceed fees for 2 quarters.
- d. In the event of pre-mature termination of the Investment adviser services in terms of agreement, the client shall be refunded the fees for unexpired period. However, Investment adviser may retain a maximum breakage fee of not greater than one quarter fee.

Fees charged to the client: ₹ XXXXXX for 12 months

Scope of Services: As discussed during our introductory meeting, this engagement will include all services required to develop a Comprehensive Financial plan. These services will specifically include:

- Reviewing and prioritizing your goals and objectives.
- Developing a summary of your current financial situation, including a net worth statement, cash flow summary, and insurance analysis.
- Reviewing your current investment portfolio and developing an asset management strategy.
- Developing a financial management strategy, including financial projections and analysis.

- Identifying tax planning strategies to optimize financial position.
- Presenting a written financial plan that will be reviewed in detail with you. It will contain recommendations designed to meet your stated goals and objectives.
- Developing an action plan to implement the agreed upon recommendations.
- Assisting you with the implementation of the financial plan (i.e., assisting you how to buy the recommended products without middlemen)
- Scheduled reviews at the end of 6 months or 12months.
- Need based consultations for 12 months from the date of accepting the engagement.

**Functions of the Investment Adviser:** Functions, obligations, duties, and responsibilities of the Investment Adviser, with specific provisions covering, *inter alia*,

- a) Terms of compliance with the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 and its amendment, rules, circulars and notifications.
- b) Compliance with the eligibility criteria as specified under the Investment Adviser Regulations at all times.
- c) Risk assessment procedure of client including their risk capacity and risk aversion.
- d) Providing reports to clients on potential and current investments.
- e) Maintenance of records i.e. client-wise KYC, risk assessment, analysis reports of investment advice and suitability, terms and conditions document, related books of accounts and a register containing list of clients along with dated investment advice and its rationale in compliance with the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013.
- f) Provisions regarding audit as per the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013.
- g) Undertaking to abide by the Code of Conduct as specified in the Third Schedule of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013.

**Investment objective and guidelines:**

- a) Investment advice would be provided for equity and debt mutual funds. I undertake to recommend direct implementation of advice i.e. through direct schemes/direct codes, and other client specifications / restrictions on investments if any.
- b) Financial plan would be based on the risk profiling conducted for the client, time period for deployment of funds and other relevant factors.
- c) Tax related aspects pertaining to investment advice.

**Risk Factors associated with Equity and Debt Investments:**

- a) **Market risk:** Risk of losing investment due to factors such as political risk and macroeconomic risk that affect the performance of the overall market.
- b) **Unsystematic risk** is a category of risk that only affects an industry or a particular company.
- c) **Business risk:** Refers to the basic viability of a business and its ability to cover its operational expenses and turn a profit.

- d) **Credit or Default risk** is the risk that a borrower will be unable to pay the contractual interest or principal on its debt obligations.
- e) The other risks that can affect investments are **currency risk, interest rate risk, liquidity risk** etc.

**Validity of advisory services:** The advisory services are valid for a period of 12 months. Renewal will be based on mutual consent for a further period of 12 months thereafter.

**Amendments:** The agreement may be amended by mutual written consent of the parties.

**Termination:** This agreement may be terminated under the following circumstances, namely:

- a) Voluntary / mandatory termination by the Investment Adviser.
- b) Voluntary / mandatory termination by the client.
- c) Suspension / Cancellation of registration of Investment Adviser by SEBI.
- d) Any other action taken by other regulatory body / Government authority.

In case of a voluntary termination of the agreement, the Client would be required to give a 30-day prior written notice while the Investment Adviser would be required to give a 30-day prior written notice.

In case of suspension of the certificate of registration of the Investment Adviser, the client may be provided with the option to terminate the agreement.

**Implications of amendments and termination:**

- a) If the termination initiated by the client happens within the first 15 days of the start of the engagement, starting from the date of the letter of engagement, the client will be refunded the second quarter fees paid.
- b) If the termination is due to suspension/cancellation of registration or due to any other action taken by other regulatory body/government authority then the fees will be refunded on a pro-rata basis.

**Relationship with related parties:**

Investment adviser is required to declare any interest that may prevent me from providing unbiased advice. Investment adviser is carrying on activities independently and have no known conflicts of interest in the acceptance of this engagement. Investment adviser commit that he will inform the client of any conflicts of interest, in writing, if they should arise.

**Representation to client:** Investment adviser ensure that he will take all consents and permissions from you prior to undertaking any actions in relation to the securities or investment product advised by the IA.

**No right to seek Power of Attorney:** Investment adviser declare that he shall not seek any power of attorney or authorizations from my client for implementation of investment advice.

**No conflict of interest:** The Investment Adviser to clearly declare that it will disclose all conflicts of interest as and when they arise and not derive any direct or indirect benefit out of the client's securities/investment products.

**Maintenance of accounts and confidentiality:**

Investment adviser shall be responsible for maintenance of client accounts and data as mandated under the SEBI (IA) Regulations, 2013.

**Terms of fees and billing:**

- a. Initial advance payment of Rs.3,000 payable upon acceptance of this engagement.
- b. Rs.5,000 will be paid after initial draft of financial plan, Rs.5,000 will be paid in second draft and remaining Rs.2,000 will be paid upon final financial plan.
- c. Post confirmation of payment of fee, receipt for the same will be e-mailed to client's email address.
- d. Billing will be done once in 6 months.

The payment of fees shall be through direct credit to the bank account through NEFT/RTGS/IMPS/UPI or any other mode specified by SEBI from time to time.

The fees shall be payable while confirming the engagement via **account transfer or UPI**. Bank details mentioned below:

Name	XXXXXX
Account Number	XXXXXX
IFSC Code	XXXXXX
Bank Name	XXXXXX
UPI	XXXXXX

**Liability of Investment Adviser:** The investment adviser shall not incur any liability by reason of any loss, which a client may suffer by reason of any depletion in the value of the assets under advice, which may result by reason of fluctuation in asset value, or by reason of non-performance or under-performance of the securities/funds or any other market conditions.

**Representation and covenants:** In executing this engagement, I confirm that I am a 'Registered Investment Adviser' (RIA) under the Securities and Exchange Board of India (SEBI) (Investment Advisers) Regulations, 2013. I have received all applicable regulatory/statutory approvals and undertake to maintain them throughout the validity of the advisory service.

**Death or disability of client:** In case of the client's disability/death during the period of engagement, the investment adviser will be in contact with the person/s as nominated by the client to assist them, provided written instructions are issued by the client in advance.

**Death or disability of investment adviser:** In case of death of the investment adviser, my legal heir, XXXXXX, will be the Obligor (administrator of my estate).

The Obligor will be in charge of:

- i) Giving notice to all clients of the occurrence of the eventuality.
- ii) settlement of the account with the client (fees payable/refundable)
- iii) completion of transition of any outstanding business to another duly registered investment adviser, and
- iv) redressal of any outstanding or new disputes/claims of clients.

**Contact details:**

**Name:** XXXXXX

**Email id:** [abc@gmail.com](mailto:abc@gmail.com)

**Primary Contact:** +91 XXXXXX, **Secondary Contact:** +91 XXXXXX

**PAN:** XXXXXX

**Grievance Redressal:**

In case of any grievance, you can write to me at [complaint@negifinancial.com](mailto:complaint@negifinancial.com) . You will receive a response/resolution within 5 business days.

**Severability:**

If any provision of this agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of this agreement shall not be affected thereby.

**Force Majeure:**

The investment adviser shall not be liable for delays or errors occurring by reason of circumstances beyond its control, including but not limited to acts of civil or military authority, national emergencies, work stoppages, fire, flood, catastrophe, acts of God, insurrection, war, riot or failure of communication or power supply. In the event of equipment breakdowns beyond its control, the adviser shall take reasonable steps to minimize service interruptions but shall have no liability with respect thereto.

**Miscellaneous:**

Each party agrees to perform such further actions and execute such further agreements as are necessary to effectuate the purposes hereof.

Client responsibility:

In order to ensure sound and appropriate investment advice and recommendations, it is the client's responsibility to provide complete and accurate information regarding all aspects of their personal and financial situation including objectives, needs and values, income, investments, insurance policies, employment benefits, retirement benefits, tax returns, etc. This list is not all inclusive and any material changes to the above and any other relevant information should be disclosed in a timely manner as they could impact the recommendations.

SEBI Registered Investment Advisers are required to comply with the 'Know Your Client' (KYC) requirements specified by SEBI. To fulfil this, the Adviser may need to request the client for relevant identification and address proof and PAN card copies to keep on file.

I look forward to working with you and helping you achieve your financial goals.

Yours truly,

Devendra Singh Negi

SEBI Registered Investment Adviser

**Registration No.:** INA100010484

**Type of registration:** Individual, **Validity:** May 07, 2018 - Perpetual

**Registered Address:** 96, Adarsh Colony, Near Motherland School, Nathanpur, Dehradun, Uttarakhand, 248005. **Mob:** +91 7906439517

**Registered Email:** [devendra.negi56@gmail.com](mailto:devendra.negi56@gmail.com) **2<sup>nd</sup> Email:** [devendra@negifinancial.com](mailto:devendra@negifinancial.com)

**Website:** <https://www.negifinancial.com>

**Corresponding SEBI Local office address :**

2nd Floor, GMVN Building, 74/1, Rajpur Road,  
Dehradun - 248001, Uttarakhand

Tel. Board: +91 0135-2740722/0135-2740725

Fax : +91 0135-274072/2740722, E-mail : dehradun-lo@sebi.gov.in

**Client:**

I, **XXXXXX**, acknowledge that I have received a copy of this Letter of Engagement and have read, understood and accept the scope and terms of the engagement.

Client Full Name:

Date:

Client Signature :