

## **INTERNAL POLICY FRAMEWORK**

**(FOR REGISTERED INVESTMENT ADVISER – SEBI COMPLIANT)**

### **Introduction:**

This Internal Policy Framework (“Policy”) has been formulated in accordance with the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, as amended, and the SEBI Master Circular for Investment Advisers (June 27, 2025).

The purpose of this Policy is to establish a comprehensive system of governance, compliance, and ethical standards for **Finideas Advisors Private Limited**, ensuring that all investment advisory services are conducted with integrity, transparency, and accountability. It seeks to:

- Safeguard the interests of clients by promoting fair and suitable advice,
- Ensure compliance with SEBI regulations and directions issued from time to time,
- Define responsibilities of the RIA, its principal officer, compliance officer, and persons associated with investment advice,
- Provide internal controls and procedures for risk management, conflict management, and grievance redressal.

This Policy applies to all directors, partners, principal officers, compliance officers, employees, and representatives of the RIA engaged in providing investment advisory services.

### **Definitions:**

For the purpose of this Policy, unless the context otherwise requires:

- **Act** – means the Securities and Exchange Board of India Act, 1992.
- **Investment Adviser (IA / RIA)** – any person registered with SEBI under the IA Regulations to provide investment advice for consideration.
- **Investment Advice** – advice relating to investing in, purchasing, selling, or otherwise dealing in securities, provided for the benefit of a client, whether oral, written, or through any means of communication. This includes financial planning but excludes general comments made in newspapers, magazines, or media available to the public.
- **Client** – any person or entity that enters into an investment advisory agreement and receives investment advice from the RIA.
- **Family of Client** – includes the individual client, dependent spouse, dependent children, and dependent parents.
- **Persons Associated with Investment Advice (PAIA)** – members, partners, directors, officers, employees, or representatives of the IA engaged in client-facing advisory activities.

#### **FINIDEAS INVESTMENT ADVISOR PRIVATE LIMITED**

1002, Luxuria Business Hub, Nr V R Mall,  
Gaurav Path Road, Surat – 395 007  
CIN: **U74999GJ2022PTC130663**

**SEBI** Approved Investment **Adviser:** INA000018045  
Contact: +91 9374985600 | Email: [info@finideas.com](mailto:info@finideas.com)  
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- **Principal Officer** – managing director, designated director, managing partner, executive chairman, or equivalent management body responsible for overall operations of the RIA.
- **Compliance Officer** – an officer designated by the RIA to monitor compliance with SEBI Regulations and internal policies.
- **Conflict of Interest** – a situation where the interests of the RIA or its employees/associates conflict, or appear to conflict, with those of the client.
- **Advisory Fee** – consideration charged by the RIA for providing investment advice, in accordance with SEBI-prescribed limits and structures.
- **Suitability Assessment** – evaluation of the client’s risk appetite, financial situation, and investment objectives to ensure advice is appropriate.
- **Assets under Advice (AUA)** – aggregate net asset value of securities for which the RIA has rendered investment advice, whether implemented by the IA, client, or third party.

### Compliance and Governance:

- The RIA shall maintain a governance structure ensuring compliance, transparency, and ethical conduct in line with **SEBI (IA) Regulations**.
- A **Compliance Officer** shall be appointed to monitor regulatory adherence, maintain records, and act as liaison with SEBI/IAASB.
- The **Principal Officer** shall oversee overall operations and ensure that all advisory activities are conducted in the best interest of clients.
- An **annual compliance audit** shall be carried out by an independent auditor, and the report submitted to SEBI/IAASB.
- All employees and **persons associated with investment advice (PAIA)** must comply with qualification, certification, and conduct requirements and affirm adherence to this Policy.
- For individuals reaching the **₹3 crore fee** threshold, corporatization into a body corporate is required. The transition timeline has been extended, and during this period, individuals may continue to service existing and onboard new clients until corporatization is completed.

### Deposit Requirement:

- The RIA shall maintain a deposit with a scheduled commercial bank, lien-marked in favour of the **Investment Adviser Administration and Supervisory Body (IAASB)**, as per SEBI norms.
- The deposit amount shall be based on the number of clients:

-Up to **150** clients – **₹1, 00,000**

-**151 to 300** clients – **₹2, 00,000**

-**301 to 1,000** clients – **₹5, 00,000**

-**Above 1,000** clients – **₹10, 00,000**

- The deposit shall be reviewed and maintained at the required level by **April 30 each year**.

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### Client Onboarding and Suitability Assessment:

- The RIA shall onboard clients only after completing **KYC** as per SEBI and AML requirements.
- A **risk profiling** process shall be carried out to assess the client's financial situation, investment objectives, and risk tolerance.
- Investment advice shall be provided only after **suitability assessment**; ensuring recommendations match the client's profile.
- All client-related documents, including KYC records, risk profile and the **Investment Advisory Agreement (with MITC)**, shall be executed and securely maintained.
- If a client remains **inactive for a continuous period of 2 years** (i.e., no investments or advisory engagement), the existing agreement shall be considered **expired**, and a fresh agreement will be required to restart the relationship.
- Clients have the responsibility to provide updated information and review their risk profile annually, ensuring that advice remains aligned with their financial goals and risk appetite. **As a company policy, KYC is updated on an annual basis for all clients to ensure compliance and accuracy of client information.**

### Disclosure and Transparency:

- The RIA shall clearly disclose its **fee structure**, calculation method, payment terms, and refund/breakage policy to clients.
- All **conflicts of interest**, whether actual or potential, must be disclosed upfront before giving advice.
- The **basis of recommendations**, including risks and alternatives considered, shall be explained to clients in a fair and transparent manner.
- No execution of transactions shall be done without explicit **client consent**.
- All marketing and client communications shall be fair, clear, and not misleading, in line with SEBI's **Advertisement Code**.

RIAs may share **past performance data** with prospective clients only:

- In **one-to-one communication** (not public advertisement).
- In a **standard template prescribed by SEBI/industry bodies**, certified by ICAI/ICMAI.
- For a maximum of **two years**, until the Past Risk and Return Verification Agency (PaRRVA) becomes operational.

### Fees and Charges:

- Fees shall be charged only in the manner permitted by SEBI.
- **Permissible models:**

-**Fixed Fee:** Up to ₹1, 51,000 per annum per client family.

-**AUA Mode:** Up to 2.5% of Assets under Advice (AUA) per annum per client family.

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- For providing a **second opinion on pre-distributed assets**, the RIA may charge an AUA-based fee (capped at **2.5% p.a.**).
- In such cases, the RIA must obtain **annual client consent** and disclose the possibility of **dual charges** (i.e., advisory fees + product distributor commission already paid).
- Only **one mode** may be opted for at a time; clients may switch with consent.
- **Advance fees** not exceeding one year may be collected. In case of termination, unutilized fees shall be refunded after deducting permissible breakage charges (up to one quarter of the applicable fee).
- Fee limits apply to **individual/HUF clients**; accredited and non-individual clients may negotiate separately.

### Code Of Conduct for Investment Advisors:

- **Integrity & Fairness:** Act honestly, fairly, and in the best interests of clients at all times.
- **Client First:** Place client interests above personal or organizational gains.
- **Confidentiality:** Safeguard client information; disclose only when legally required.
- **Transparency:** Provide clear, unbiased, and adequate disclosures on fees, risks, and conflicts.
- **No Misrepresentation:** Ensure all advice, communication, and marketing is fair, balanced, and not misleading.
- **Conflict Management:** Avoid, disclose, and manage conflicts of interest in a transparent manner.
- **Compliance:** Adhere strictly to SEBI regulations, circulars, and internal policies.
- **Professional Competence:** Maintain required qualifications, certifications, and keep knowledge updated.
- **No Insider Trading:** Do not use unpublished price-sensitive information for personal or third-party benefit.
- **Responsibility:** Maintain high ethical standards and be accountable for advice given.

### Segregation of Advisory and Distribution:

- The RIA shall ensure **complete segregation** between advisory and distribution activities at the **client level**.
- A client cannot simultaneously receive investment advisory and distribution services from the RIA, its group entities, or family members.
- Only **direct plan products** (no commission) shall be recommended.
- An **annual certification by an auditor** confirming compliance with segregation requirements shall be obtained and submitted as per SEBI guidelines.
- **PAN** shall be used as the primary identifier for implementing client-level segregation.

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### Qualification and Training:

- The **Principal Officer** and all **Persons Associated with Investment Advice (PAIA)** shall meet the minimum qualification and certification requirements prescribed under SEBI (IA) Regulations.
- A **valid NISM certification** (or equivalent as specified by SEBI) must be obtained and renewed within prescribed timelines.
- All advisory staff shall complete **Continuing Professional Education (CPE)** requirements to maintain certification.
- The RIA shall conduct **periodic internal training** on compliance, regulations, market practices, ethics, and client servicing standards.
- **Training records** and **certifications** of all PAIA shall be maintained for inspection.

### Advisory Process:

- **Research & Analysis:** Investment advice shall be based on independent, reliable data and appropriate due diligence.
- **Documentation:** Every recommendation shall be recorded with rationale, risks considered, and alternatives evaluated.
- **Suitability:** Advice shall be tailored to the client's risk profile, financial situation, and investment objectives.
- **Portfolio Review:** Client portfolios shall be reviewed periodically, and advice updated as per market conditions or changes in client profile.
- **Record Keeping:** All advice, supporting research, and client communications shall be securely maintained for the prescribed period.

### Record Keeping and Reporting:

- The RIA shall **maintain** proper records of:
  - Client KYC, risk profiling, and suitability assessments
  - Advisory agreements and disclosures
  - Advice given, including rationale and supporting research
  - Fee records, client communications, and grievance data
  - Compliance and audit reports
- Records shall be retained for a **minimum of 5 years** or such period as SEBI may prescribe.

- All records must be stored securely (physical or electronic) and be readily available for SEBI/IAASB inspection.
- The RIA shall submit **periodic reports, disclosures, and audit findings** to SEBI/IAASB as required.
- Any material changes (ownership, principal officer, control, etc.) shall be promptly reported to SEBI.

### **Grievance Redressal Mechanism:**

- **Channels:** Clients may lodge complaints through email, phone, or in writing to the Compliance Officer.
- **Acknowledgement:** All complaints shall be acknowledged within **3 working days**.
- **Resolution:** Complaints shall be resolved within **21 calendar days** of receipt.
- **Escalation:** Unresolved complaints may be escalated to **SEBI SCORES** platform and the **Online Dispute Resolution (ODR) mechanism**.
- **Disclosures:** The RIA shall display on its website:

-The **Investor Charter**

-Details of grievance redressal process

-Complaint status and data (as per SEBI format).

- **Record Keeping:** All complaints and their resolution shall be documented and preserved for audit and regulatory inspection.

### **AML/CFT Compliance:**

The RIA shall comply with SEBI's AML / CFT framework (Master Circular, June 6, 2024) and UAPA (Unlawful Activities (Prevention) Act, 1967) obligations under Section 51A. Client due diligence, risk-based monitoring, record keeping, and reporting of suspicious transactions shall be strictly followed.

For detailed procedures, staff must refer to the firm's **Anti-Money Laundering (AML) Policy**.

### **Outsourcing and Cyber Security:**

- **Core advisory functions** shall not be outsourced; only support functions may be, with written agreements ensuring confidentiality and compliance.
- The **RIA** remains responsible for all **outsourced** activities.
- A **cyber security framework** with adequate safeguards (firewalls, encryption, restricted access, backups) shall be maintained.
- Any cyber incident shall be documented and reported to SEBI as required.
- Client data shall be kept **secure** and **confidential** at all times.

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**Review and Amendment of Policy:**

- This Policy shall be reviewed at least **annually** or earlier if there are significant regulatory updates from SEBI or IAASB.
- The **Compliance Officer**, in consultation with **senior management**, shall be responsible for reviewing and recommending amendments.
- All changes shall be approved by the **management/partners** and communicated to relevant staff.
- The updated version of the Policy shall be made available for regulatory inspection and shared internally for implementation.

**Annexures:**

- Client Agreement Template (with MITC)
- Fee Disclosure Format
- Risk Profiling Questionnaire
- Conflict of Interest Declaration
- Code of Ethics Declaration (for staff)
- Client Consent Form
- Investor Charter (SEBI format)
- Grievance Disclosure Table (SEBI format)
- Compliance Reporting Calendar
- Reference to standalone AML / CFT Policy