



General Manager

Market Intermediaries Regulation and Supervision Department

Division of Policy

SEBI/HO/MIRSD-POD/P/OW/2025/25279/1

September 24, 2025

Ms. Andrea Rebello

Chief Executive Officer

**Equitymaster Research Private Limited
103, Regent Chambers, Nariman Point,
Mumbai- 400021**

Madam,

**Sub: Request for Informal Guidance by way of Interpretative letter under
Securities and Exchange Board of India (Informal Guidance) Scheme, 2003
received from Equitymaster Research Private Limited**

1. This is with reference to your letter dated June 26, 2025 ("application") seeking guidance by way of an interpretive letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 ("Informal Guidance Scheme").
2. In your letter under reference you have represented Equitymaster Research Private Limited ('Equitymaster') as a SEBI registered Research Analyst (RA) with registration number INH000000537.
3. In your application under reference you have, inter alia, represented that Equitymaster has been providing online research reports to its clients for a fee since 2002. Prior to January 8, 2025, Equitymaster offered subscription plans of 1,2,3 or 5 years with fees paid voluntarily by subscribers aligned with long term nature of the service.
4. In your application, you have sought an interpretive letter under the SEBI (Informal Guidance) Scheme, 2003 from SEBI on your queries on certain fee related provisions applicable to RAs as mentioned under SEBI (Research Analysts) Regulations, 2014 (RA Regulations), circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2025/004 dated January 08, 2025 on Guidelines for Research Analysts and circular no. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/48 dated April 02, 2025 on provisions of advance fee. In your letter, you have inter alia raised the following queries:



- i. Does the ₹1,51,000 per annum per family fee cap apply to fees collected from existing clients before January 08, 2025, or only to agreements post this date?
- ii. If cap applies retrospectively, are Research Analysts required to refund excess fee collected prior to January 08, 2025? (You have mentioned that you have paid applicable GST and Income Tax on all fee received by it over the years)
- iii. What would be interpreted as 'Compliance with aforesaid fee related provisions latest by June 30, 2025 for existing clients'?

5. Pursuant to the amendments to RA regulations in December 2024, SEBI issued a circular dated January 08, 2025 on guidelines for research analysts which also contain provisions on fee chargeable to clients by RAs. Provisions on advance fee are revised vide circular dated April 02, 2025. The relevant fee related provisions applicable to RAs are mentioned under clause 1.9 of master circular dated June 27, 2025 for RAs and are reproduced below. Master circular dated June 27, 2025 for RAs (hereinafter referred to as 'master circular') is compilation of all the circulars issued till June 20, 2025.

- a. RAs may charge fees, subject to ceiling as may be specified by SEBI and shall ensure that fee charged to client is fair and reasonable.
- b. RAs shall charge a maximum of ₹1,51,000 per annum per family in case of their clients who are individuals and Hindu Undivided Family(HUF). The fee limit shall be revised and announced by RAASB once in three years based on the Cost Inflation Index (CII) after due consultation with SEBI.
- c. The fee limit does not include statutory charges.
- d. The fee related provisions such as fee limit, modes of payment of fees, refund of fees, advance fee, breakage fees shall only be applicable in case of their individual and HUF clients (provided these clients are not accredited investors). These provisions shall not be applicable in case of non-individual clients, accredited investors, and in case of institutional investors seeking recommendation of proxy adviser.
- e. In case of non-individual clients, accredited investors, and in case of institutional investors seeking recommendation of proxy adviser, fee related terms and conditions shall be governed through bilaterally negotiated contractual terms.
- f. If agreed by the client, RA may charge fees in advance. However, such advance shall not exceed fees for a period of one year (increased to one year from initial period of one quarter vide circular dated April 02, 2025).

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g. *In the event of pre-mature termination of RA services in terms of the agreed terms and conditions, the client shall be refunded proportionate fees for unexpired period. RA shall not charge any breakage fee.*

h. *The terms and conditions to be disclosed by RA to the client shall also include fee limits, agreed fees for research services and guidance on the optional 'Centralised Fee Collection Mechanism for IA and RA' (CeFCoM).*

i. *For existing clients, RAs shall ensure compliance with aforesaid fee related provisions latest by June 30, 2025.*

6. The submissions made in your letter have been considered, and without necessarily agreeing with your analysis, our view on the issues raised in your letter are as under:

Query 1.

Does the ₹1,51,000 per annum per family fee cap apply to fees collected from existing clients before January 08, 2025, or only to agreements post this date?

Reply to Query 1:

In terms of clause 1.9(b) of the master circular (para 5(b) above), the cap of maximum fee of ₹1,51,000 per annum per family is applicable in case of all of its clients who are individuals and Hindu Undivided Family(HUF). These provisions have been introduced vide circular dated January 08, 2025 pursuant to the amendments to RA regulations in December 2024. Thus, the fee cap is applicable from January 08, 2025 in case of all individual and HUF clients (both existing and new) even if the agreement is done before January 08, 2025. For the existing clients, RAs were required to ensure compliance with the provision by June 30, 2025.

Query 2:

If cap applies retrospectively, are Research Analysts required to refund excess fee collected prior to January 08, 2025? (Equitymaster has mentioned it has paid applicable GST and Income Tax on all fee received by it over the years)

Query 3:

What would be interpreted as 'Compliance with aforesaid fee related provisions latest by June 30, 2025 for existing clients'?

Reply to Query 2 and 3:

As mentioned under clause 1.9(d) of master circular (para 5(d) above), the fee related provisions include provisions on fee limit, modes of payment of fees, refund



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of fees, advance fee and breakage fees and are applicable only in case of individual and HUF clients (provided these clients are not accredited investors) of RA. These provisions have been introduced vide circular dated January 08, 2025 pursuant to the amendments to RA regulations in December 2024. In terms of the provisions, for existing clients, RAs were required to comply with the fee related provisions latest by June 30, 2025.

In terms of clause 1.9(f) of master circular (para 5(f) above), RA cannot charge advance fee for a period exceeding one year. Hence, in case of all individual and HUF clients as on January 08, 2025, the advance fee collected in excess of maximum period of one year was required to be refunded till June 30, 2025.

7. The above position is based on the information furnished in your letter under reference. Different facts or conditions might lead to a different interpretation. Further, this letter does not express the decision of the Board on the questions referred through your letter.
8. You may also note that the above position is expressed only with respect to the guidance sought in your letter under reference in respect of the provisions as referred above and does not affect the applicability of any other law or requirement of any other SEBI Regulation, Guidelines and Circulars administered by SEBI or the laws administered by any other authority.

Yours faithfully,



Aradhana Verma

