



**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/JS/YK/2025-26/32139]**

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

**In respect of:
Mr. Chenthil R Iyer
PAN: AEWPR4380N**

In the matter of Chenthil R Iyer (Investment Adviser)

BACKGROUND

1. Mr. Chenthil R Iyer (hereinafter referred to as “**Noticee**”) was registered with the Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) as an Investment Adviser (hereinafter referred to as “**IA**”). The registration number of the Noticee was INA000008905. It was observed that the registration of the Noticee expired in November 2022 on account of non-payment of registration renewal fees within the prescribed period. Accordingly, summary proceedings under Securities and Exchange Board of India (Intermediaries) Regulations, 2008 were initiated against the Noticee for cancellation of registration. It was further observed that, despite expiry of his registration certificate, the Noticee continued to engage in investment advisory activities. Hence, the matter was referred for further examination.
2. Pursuant to the examination, it was alleged that Noticee had failed to comply with the requirements of possessing a valid NISM certificate, as the validity of his NISM certificate expired on April 01, 2022. Despite the same, the Noticee continued to collect fees from his clients for providing investment advisory services. In view thereof, it was alleged that Noticee had violated the provisions of regulations 7(1)(a) and 7(2) of Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (hereinafter referred to as “**IA Regulations**”).



APPOINTMENT OF ADJUDICATING OFFICER

3. The undersigned was appointed as Adjudicating Officer (hereinafter referred to as “**AO**”) in this matter vide communiqué dated January 23, 2026 under section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “**Rules**”), to inquire into and adjudge under the provisions of section 15EB of the SEBI Act for the aforementioned violations alleged to have been committed by Noticee.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. Show Cause Notice Ref. No. DIS/4074/2026 dated January 29, 2026 (hereinafter referred to as “**SCN**”) was served upon Noticee in terms of rule 4 of the Rules read with section 15-I of the SEBI Act to show cause as to why an inquiry should not be held against Noticee and why penalty, if any, should not be imposed on him in terms of the provisions of the section 15EB of the SEBI Act for the violations alleged to have been committed by Noticee.
5. The SCN dated January 29, 2026, *inter alia*, alleged the following:
 - (a.) *From the verification of the validity of the relevant NISM Certificate of Noticee, it was observed that the said NISM Certificate expired on April 01, 2022 and the Noticee did not renew the same.*
 - (b.) *Vide e-mail dated October 08, 2025 and reminder e-mail dated November 11, 2025, SEBI sought details regarding the NISM certification and the investment advisory fees collected by the Noticee since April, 2022. In response, the Noticee submitted Chartered Accountant (CA) certificates dated August 28, 2025 and December 01, 2025, certifying the amount of fees collected by Noticee from the investment advisory activities for the period starting from April, 2022 to November, 2025. From the said CA certificates, it was observed that the Noticee had collected a total amount of ₹46,86,601 during the period starting from April 01, 2022 to November 30, 2025 by carrying out investment advisory activities.*
 - (c.) *In light of the above, vide e-mail dated December 08, 2025, SEBI sought an explanation from the Noticee for continuing to provide investment advisory services without holding a valid NISM certificate. In response, Noticee vide e-mail dated December 08, 2025, cited personal reasons for non-compliance with said requirement.*



(d.) In view of the foregoing, it was alleged that despite the lapse of a considerable period, i.e., more than 3.5 years from the expiry of the relevant NISM certificate, the Noticee failed to renew the same and continued to collect fees from his clients for investment advisory services during the said period. Accordingly, it was alleged that Noticee had violated the provisions of regulations 7(1)(a) and 7(2) of IA Regulations.

6. Noticee, vide letter dated February 09, 2026 filed his reply and submitted that he does not wish to avail an in person hearing. The relevant extracts of reply dated February 09, 2026 are reproduced hereunder:

(a.) The point number 3 in SCN mentions “violations alleged to have committed by the Noticee”. Committed would mean a deliberate and willful action to violate the rules. In his case it was an honest mistake and an omission, as serious as it may be, which he regretted. However, it would be highly illogical to assume that someone would willfully default on a renewal fee of Rs. 10000/- and would deliberately not sit for an exam that one has already passed twice. Noticee invited attention to the fact that he was the topper in the CFP (Certified Financial Planner) final examination conducted in February 2008 and have been championing the cause of fee based advisory practice ever since.

(b.) He could have chosen the easy path of distributing financial products and made a fortune through commissions, but chose the hard path of educating the clients about the holistic financial planning process that would generate sustainable wealth in the long run. The point no. 6 of SCN talks about the meagre earnings that he generated through fee based unbiased investment advisory for the said period of alleged violation, which is roughly Rs. 15 Lakh per annum, whereas mutual fund distributors earn multiple times of that! But he chose to stick to his convictions and live frugally, and hence do not regret his decision at all. His true wealth comprises his clients who have benefitted greatly through his honest, sincere and unbiased advice.

(c.) Further, he has been actively writing to champion the cause of Investment Advisory getting recognized as a professional practice like lawyers and CAs. He attached articles which were published as cover story in the Financial Planning Journal, titled “Right Attitude for Right Practice - Growing from Selling To Counselling”!

(d.) He stated that he had written for Outlook Money, titled “How to reach your true saving potential” as an example. He mentioned in one of his earlier communications regarding his published book and the program he conducted for children in order to inculcate the life skill of financial awareness and literacy in them.

(e.) He believed in having a transparent financial compensation for the advice delivered to the client and wondered why such transparency still do not exist in the commission based engagement, where itemized cost in actual amounts that are deducted indirectly from financial products do not reach the investor! Most investors are still oblivious of the cost that they are indirectly incurring in their investment holdings. He hopes and prays to the authorities to do whatever is possible to create a large enough community of unbiased Investment Advisers that can serve the investors efficiently and effectively. This would happen only when such transparency



in indirect cost comes into existence.

- (f.) *He stated that his commitment to unbiased financial planning and investment advisory is undeterred and he reiterated that the non-renewal of RIA license and the NISM examinations were not deliberate but a genuine omission and slip of mind on his part due to prevailing circumstances, which he had mentioned in one of his previous communications. He appreciated a reminder about the same from the authorities as a humane gesture, which would have made him comply with the same immediately and would not have led to the current undesirable situation. He has lived an honest life for 46 years and it deeply pains him to be in this situation.*
- (g.) *He has assured that this will not happen again in future, and implored to take a humanitarian view and exempt him from any inquiry or penalty other than the due renewal fees with interest for the delay along with an immediate passing of the NISM examinations.*

CONSIDERATION OF ISSUES AND FINDINGS

7. After careful perusal of the material on record, I note that the issues that arise for consideration in the present case are as follows:
- I. Whether the Noticee failed to comply with the requirements of NISM certifications and continued to provide investment advisory services and collect fees for a period exceeding three and half years after the expiry of said certificate, thereby violating regulations 7(1)(a) and 7(2) of the IA Regulations?
 - II. Does the violation, if any, on the part of Noticee attract monetary penalty under section 15EB of the SEBI Act?
 - III. If so, what would be the quantum of monetary penalty that can be imposed on Noticee after taking into consideration the factors stipulated in section 15J of the SEBI Act?
8. Before proceeding further, it is pertinent to refer the relevant provisions of law, allegedly violated by Noticee. The same are reproduced hereunder:

“7. (1) An individual investment adviser or a principal officer of a non-individual investment adviser registered as an investment adviser under these regulations shall have the following minimum qualification, at all times –

(a) A professional qualification or graduate degree or post-graduate degree or post graduate diploma (minimum two years in duration) in finance, accountancy, business management, commerce, economics, capital market, banking, insurance



or actuarial science or other financial services as may be specified from a university or an institution recognized by the Central Government or any State Government or a recognised foreign university or institution or association or a professional qualification by completing a Post Graduate Program in the Securities Market (Investment Advisory) from NISM of a duration not less than one year or a professional qualification by obtaining a CFA Charter from the CFA Institute;

.....
(2) An individual investment adviser or principal officer of a non-individual investment adviser, registered under these regulations, persons associated with investment advice, and in case of investment adviser being a partnership firm, the partners thereof who are engaged in providing investment advice, shall have at all times relevant NISM certification as specified by the Board from time to time: Provided that a fresh relevant NISM certification as specified by the Board from time to time shall be obtained before expiry of the validity of the existing certification to ensure continuity in compliance with certification requirements.”

9. The aforesaid provisions were amended vide SEBI (Investment Advisers) (Second Amendment) Regulations, 2025 with effect from November 25, 2025. Post amendment, the relevant provisions read as under:

“7. (1) An individual investment adviser or a principal officer of a non-individual investment adviser registered as an investment adviser under these regulations or persons associated with investment advice, shall have the following minimum qualification, at all times –

(a) A graduate degree or any equivalent educational qualification from a university or institution recognized by the Central Government or any State Government or a recognised foreign university or institution or association or CFA Charter from the CFA Institute, and relevant certification from NISM or from any other organization or institution accredited by NISM; or

.....
(2) An individual investment adviser or principal officer of a non-individual investment adviser, registered under these regulations, persons associated with investment advice, and in case of investment adviser being a partnership firm, the partners thereof who are engaged in providing investment advice, shall obtain a fresh relevant NISM certification as specified by the Board from time to time before expiry of the validity of the existing certification or within three years from the date of registration certificate , as the case may be, to ensure continuity in compliance with certification requirements.”

10. I shall now proceed to decide the issues at hand.

Issue I: Whether Noticee failed to comply with the requirements of NISM certifications and continued to provide investment advisory services and collect



fees for a period exceeding three and half years after the expiry of said certificates, thereby violating regulations 7(1)(a) and 7(2) of the IA Regulations?

11. From the material on record, it was observed that Noticee's NISM certifications expired on April 01, 2022. Despite such expiry, the Noticee continued to render investment advisory services during the period from April 01, 2022 to November 30, 2025 without holding valid NISM certifications. During the said period, the Noticee collected a total fee of ₹46,86,601 towards investment advisory activities, as certified by the Chartered Accountant's certificate submitted by the Noticee. It was therefore alleged that the Noticee violated regulations 7(1)(a) and 7(2) of the IA Regulations.
12. The Noticee admitted that he had failed to renew the relevant NISM certifications and continued to provide investment advisory services despite the expiry of the said certifications. The Noticee submitted that the failure to renew was not deliberate but occurred due to a genuine omission and slip of mind on his part. He further contended that he would have appreciated a reminder from the regulatory authorities regarding renewal of certification.
13. In this regard, it is noted that the IA Regulations expressly mandate that an Investment Adviser shall obtain and maintain valid NISM certification at all times. The obligation to ensure continuous compliance with the certification requirement squarely rests upon the Investment Adviser. The Noticee, being an Investment Adviser, was duty-bound to remain fully compliant with all applicable regulatory provisions. The plea that the lapse occurred due to oversight or slip of mind cannot absolve the Noticee of his statutory responsibility. Regulatory compliance cannot be contingent upon reminders from the regulator, rather, it is the independent and continuing obligation of the registered intermediary.
14. It is further observed that during the course of examination proceedings, the Noticee was specifically informed about the non-renewal of his NISM certifications. However, the Noticee has failed to produce renewed certifications even up to the date of this order. If the lapse were indeed inadvertent, as contended, the Noticee ought to have



immediately rectified the deficiency upon being apprised of the same. The continued non-renewal demonstrates disregard for regulatory requirements. Accordingly, the submissions of the Noticee are untenable and devoid of merit.

15. The Noticee further submitted that he was a topper in the CFP (Certified Financial Planner) final examinations, that he chose to educate clients in financial planning instead of operating as a mutual fund distributor where he could have earned significantly higher income and that he has been actively contributing articles to journals and magazines. In this regard, it is observed that the scope of the present proceedings is confined to examining whether the Noticee complied with the mandatory requirement of maintaining valid NISM certification while rendering investment advisory services. The professional achievements or academic credentials of the Noticee are extraneous to the issue under consideration. Accordingly, the aforesaid submissions are irrelevant to the determination of the present allegations and do not merit consideration.
16. In view of the foregoing discussion, it is established that the Noticee failed to renew the requisite NISM certifications and nevertheless continued to render investment advisory services during the period of non-compliance, thereby collected advisory fees amounting to ₹46,86,601. Hence, the Noticee has violated regulations 7(1)(a) and 7(2) of the IA Regulations.

Issue II. Does the violation, if any, on the part of Noticee attract monetary penalty under section 15EB of the SEBI Act?

Issue III. If so, what would be the quantum of monetary penalty that can be imposed on Noticee after taking into consideration the factors mentioned in section 15J of the SEBI Act?

17. In the preceding paragraphs, it has been established that Noticee had violated the provisions of regulations 7(1)(a) and 7(2) of the IA Regulations. Accordingly, Noticee is liable for imposition of monetary penalty under the provisions of section 15EB of the SEBI Act.



18. Section 15EB of the SEBI Act is reproduced below:

“Penalty for default in case of investment adviser and research analyst.

15EB *Where an investment adviser or a research analyst fails to comply with the regulations made by the Board or directions issued by the Board, such investment adviser or research analyst shall be liable to penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.”*

19. While determining the quantum of penalty under section 15EB of the SEBI Act, the following factors stipulated in section 15J of the SEBI Act, are taken into account:

“Factors to be taken into account while adjudging quantum of penalty.

15J. *While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely: —*

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
- (b) the amount of loss caused to an investor or group of investors as a result of the default;*
- (c) the repetitive nature of the default.”*

20. The material available on record has not quantified the amount of loss, caused to an investor/clients as a result of the default of Noticee. As regard the repetitive nature of default, there is nothing on record to show that the nature of default by Noticee is repetitive. However, it is noted from the material on record that Noticee was charging fees from his clients during the period from April 01, 2022 to November 30, 2025 for the investment advisory activities without having valid NISM certificates.

21. The aforementioned factors have been taken into consideration while adjudging the penalty.

ORDER

22. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in preceding paragraphs and in the exercise of powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the Rules, I hereby impose a monetary penalty of Rs. 5,00,000/- (Rupees Five Lakh Only)



on Noticee under section 15EB of the SEBI Act.

23. I am of the view that the said penalty is commensurate with the lapses/omissions on the part of Noticee.

24. Noticee shall remit/pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e., www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of AO -> PAY NOW.

25. In terms of the provisions of rule 6 of the Rules, a copy of this order is being sent to Noticee and also to SEBI.

Date: February 20, 2026

Place: Mumbai

JAI SEBASTIAN

ADJUDICATING OFFICER