



November 11, 2022

Securities and Exchange Board of India ("SEBI")
Investment Management Department,
Division of Funds 1,
SEBI Bhavan, Plot No.C-4, "G" Block,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400051

Kind Attention: Ms. Manaswini Mahapatra, General Manager

Dear Sirs,

Subject: Request for Interpretive letter under SEBI (Informal Guidance) Scheme, 2003' ("Informal Guidance")

Background:

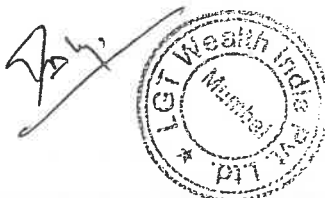
1. LGT Wealth India Private Limited ("LGT Wealth India") is registered with SEBI as a portfolio manager under the SEBI (Portfolio Managers) Regulations, 2020 ("PMS Regulations") bearing registration number INP000007322.
2. LGT Wealth India provides discretionary and non-discretionary portfolio management services to its clients under the regulatory framework of the PMS Regulations.
3. Further, LGT Wealth India is registered with Association of Mutual Funds in India (AMFI) as a Mutual Fund Distributor bearing registration number ARN-201038.
4. Also, LGT Wealth India provides Referral services by making client referrals to various financial products /service providers including but not limited to third party portfolio management services (PMS) products and alternative investment fund (AIF) products.
5. LGT Wealth India, being an intermediary registered with SEBI, requests for an interpretive letter under the Informal Guidance Scheme.

Applicable Legal provisions:

As per Regulation 2(u) of SEBI (Research Analysts) Regulations, 2014:

"research analyst" inter alia means a person who is primarily responsible for:

- i. preparation or publication of the content of the research report; or
- ii. providing research report; or
- iii. making 'buy/sell/hold' recommendation; or
- iv. giving price target; or
- v. offering an opinion concerning public offer,



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As per Regulation 2(w) of SEBI (Research Analysts) Regulations, 2014 (RA Regulations):

“Research report” means any written or electronic communication that includes research analysis or **research recommendation**, or **an opinion concerning securities** or public offer, providing a basis for investment decision and does not include the following communications:

- i. comments on general trends in the securities market;
- ii. discussions on the broad-based indices;
- iii. commentaries on economic, political or market conditions;
- iv. periodic reports or other communications prepared for unit holders of mutual fund or alternative investment fund or clients of portfolio managers and investment advisers;
- v. internal communications that are not given to current or prospective clients;
- vi. communications that constitute offer documents or prospectus that are circulated as per regulations made by the Board;
- vii. statistical summaries of financial data of the companies;
- viii. technical analysis relating to the demand and supply in a sector or the index;
- ix. any other communication which the Board may specify from time to time;

As per Regulation 3 of RA Regulations:

..... no person shall act as a research analyst or research entity or hold itself out as a research analyst unless he has obtained a certificate of registration from the Board under these regulations: Provided.....

Provided further that an investment adviser, credit rating agency, asset management company or **fund manager**, who issues **research report or circulates/distributes research report** to public or its director or employee who makes public appearance, **shall not be required** to seek registration under regulation 3, subject to compliance of Chapter III of these regulations.

Our understanding and interpretation on this matter:

Being a SEBI registered portfolio manager, LGT Wealth India is exempted from seeking registration under regulation 3 of RA Regulation, subject to compliance of Chapter III of these regulations.

As per our understanding research recommendation, or an opinion concerning securities as mentioned under Regulation 2(w) of RA regulations includes making buy/sell/hold recommendation and/or giving price target in respect of securities.

In view of above, as an exempted entity, LGT Wealth India, subject to compliance of Chapter III of these regulations, can offer exclusive RA services relating to making buy/sell/hold recommendation and/or giving price target in respect of securities to any person who wishes to avail the RA services from LGT Wealth India under a fee arrangement.

**Guidance sought for providing Research services:**

Considering the above, we request your guidance on the below mentioned points:

1. Does the term “research recommendation, or an opinion concerning securities” as per the Regulation 2(w) read with Regulation 4 (u)(i) and 4 (u)(ii) include making buy/sell/hold recommendation and/or giving price target in respect of securities (hereinafter referred to as “recommendation”)?
2. In this connection, does making recommendation also include providing recommendations for a basket comprising of more than one security to the clients who avail RA services of LGT Wealth India?
3. As per the exemption available under Regulation 3 of the RA Regulation, can LGT Wealth India, being a registered portfolio manager, provide separate RA services relating to providing recommendation, to any person, without registration under RA Regulations?
4. If the answer to above is affirmative, can LGT Wealth India charge fee for providing aforesaid RA service to any person referred above, so as to recover the time and efforts spent by the Analysts of LGT Wealth India in providing such services?
5. Can LGT Wealth India charge fees from its existing PMS Clients for providing aforesaid RA services, if the Client wishes to avail such RA services separately?
6. Can LGT Wealth India make recommendations on private market securities, including stocks and bonds?
7. Can LGT Wealth India make recommendations on Global Stocks or bonds too?

Payment of fees:

Please find enclosed demand draft no. 465350 dated November 10, 2022 amounting to Rs. 25,000 (Rupees Twenty-Five Thousand only) in favour of “Securities and Exchange Board of India”, payable at Mumbai, towards fees for seeking informal guidance as per SEBI (Informal Guidance) Scheme, 2003.

Thanking you.

Yours faithfully,

For LGT Wealth India Private Limited


Lalatendu Acharya
Compliance Officer

