SANGUINE

SANGUINE WEALTH ADVISORS LLP

Securities and Exchange Board of India
Investment Management Department
Division of Funds
SEBI Bhavan, Plot No. C-4, "G" Block
Bandra Kurla Complex
Bandra (East)
Mumbai – 400 051

Kind Attn: Ms Manaswini Mahapatra, General Manager

Dear Sirs,

SUB: REQUEST FOR INTERPRETIVE LETTER UNDER SEBI (INFORMAL GUIDANCE) SCHEME, 2003 UNDER THE SEBI (INVESTMENT ADVISERS) REGULATIONS, 2013

Background:

1. Sanguine Wealth Advisers LLP (Sanguine) is registered with SEBI / BSE as an Investment Adviser under the SEBI (Investment Advisers) Regulations, 2013 bearing registration number INA000009685 and BSE Enlistment Number 1647.

2. Sanguine provides advisory services and also distribution services to its clients and there is a clear segregation of the advisory and distribution services.

3. Sanguine being a registered intermediary request an interpretive letter under the Informal Guidance Scheme.

Applicable Legal Provision

As per Regulation 22(3), 22(4) and 22(5) of the Investment Advisors Regulations, 2013,

(3) A non-individual investment adviser shall have client level segregation at group level for investment advisory and distribution services.

Explanation. —

(i) The same client cannot be offered both advisory and distribution services within the group of the non-individual entity.

(ii) A client can either be an advisory client where no distributor consideration is received at the group level or distribution services client where no advisory fee is collected from the client at the group level.

(iii) 'Group' for this purpose shall mean an entity which is a holding, subsidiary, associate, subsidiary of a holding company to which it is also a subsidiary or an investing company or the venturer of the company as per the provisions of Companies Act, 2013 for non-individual investment adviser which is

B7, Jay Chambers,
Dayaldas Road,
Vile Parle (East),
Mumbai 400 057.

E-mail : preethi@sanguinewealth.com
Web : www.sanguinewealth.com

a company under the said Act and in any other case, an entity which has a controlling interest or is subject to the controlling interest of a non-individual investment adviser.

(4) Non-individual investment adviser shall maintain an arm's length relationship between its activities as investment adviser and distributor by providing advisory services through a separately identifiable department or division.

*(5) Compliance and monitoring process for client segregation at group or family level shall be in accordance with the **guidelines** specified by the Board"*

Our Understanding and interpretation of the matter

The Regulations clearly specify that a client shall be clearly segregated as an advisory or a distribution client and the same client can either be an advisory client where no distributor consideration is received at the group level or distribution services client where no advisory fee is collected from the client at the group level. The meaning of the Group is specified under the explanation to Regulation 22.

Under the Guidelines, SEBI has provided the compliance and monitoring process as given below for ensuring such client level segregation by IAs.

• In case of existing clients, clients who wish to take advisory services will not be eligible for availing distribution services within the group/family of IA, and vice-versa as the case may be.

• In case of new client, the option shall be provided to such client whether to avail advisory or distribution services from IA at the time of on boarding such client.

• The existing client shall have discretion to continue holding assets prior to the applicability of this segregation under the existing advisory/distribution arrangement. However, the client shall not be forced to liquidate/switch such existing holdings.

As per our understanding, a client shall opt for advisory or distribution services at the time of onboarding and cannot exercise a choice to change this option thereafter.

Guidance Sought

In view of the above, we request your guidance on the queries mentioned below;

1. Our clients who exercised the option to avail distribution services from us at the time of on-boarding would now like to opt for advisory services.
2. In view of the option being exercised, the clients would now be required to pay advisory fees and there would no distribution services or charges for the same. However, there will be a period when the client may be charged advisory fees as well as distribution commission as his current funds may be under regular code and the Client can't be forced to sell/redeem their existing investments as per the circular as well the tax/exit load and other reasons.
3. Can Sanguine provide this option to the clients for a one-time change from being distribution clients to advisory clients without them being forced to liquidate or exit their existing holdings.

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Payment of Fees

Please find enclosed the details of payment of Rs.29,500 (Twenty-Nine Thousand Five Hundred Only) through NEFT / UTR 253007574723 dated 27th October 2025 (Rs.25,000 fees + Rs.4,500 towards GST @ 18%) in favour of Securities and Exchange Board of India, towards fee for obtaining informal guidance as per the requirement in the scheme from Account No: 50200041563848 of HDFC Bank Account.

We would appreciate an early response in the matter.

Thanking you

Yours faithfully

SANGUINE WEALTH ADVISORS LLP MUMBAI

AMAR TEKWANI
PRINCIPAL OFFICER

B7, Jay Chambers,
Dayaldas Road,
Vile Parle (East),
Mumbai 400 057.

E-mail : preethi@sanguinewealth.com
Web : www.sanguinewealth.com