



**DEPUTY GENERAL MANAGER
MARKET INTERMEDIARIES REGULATION
AND SUPERVISION DEPARTMENT
POLICY AND DEVELOPMENT - 2**

**Issue No. I/7648/2026
March 23, 2026**

**Sanguine Wealth Advisors LLP
B7, Jay Chambers,
Dayaldas Road,
Vile Parle (East),
Mumbai – 400057**

Sir/ Madam,

Subject: Request for an interpretive letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003, regarding the provisions of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013

1. This is with reference to your undated letter sent vide email dated January 30, 2026 (“Application”), seeking informal 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 application under reference, you have, *inter-alia*, stated as under:
 - 2.1. Sanguine Wealth Advisors LLP (“Sanguine”) is registered with SEBI as an investment adviser under the SEBI (Investment Advisers) Regulations, 2013 (“IA regulations”) bearing Registration Number INA000009685.
 - 2.2. Sanguine provides advisory services and distribution services to its clients and there is a clear segregation between the two.
 - 2.3. In terms of Regulation 22 of IA Regulations, a non-individual investment adviser shall have client level segregation at group level for investment advisory and distribution services. In other words, same client can either be an advisory client where no distribution consideration is received at the group level or distribution service client where no advisory fee is collected from the client at group level.
 - 2.4. To ensure such client level segregation by IAs, SEBI has specified guidelines as given below:
 - 2.4.1. In case of existing clients, client who wish to take advisory services will not be eligible for availing distribution services within the group/ family of IA, and vice-versa.
 - 2.4.2. 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.



- 2.4.3. The existing client shall have discretion to continue holding assets prior to the applicability of this segregation under the existing advisory/ distribution arrangement. The client shall not be forced to liquidate/ switch such existing holdings.
- 2.5. It is your understanding that a client shall opt for advisory or distribution services at the time of on-boarding and cannot exercise a choice to change this option thereafter.
3. In your letter under reference, you have sought guidance in the form of an interpretive letter under the Informal Guidance Scheme, on the following queries:
- 3.1. *“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.*
- 3.2. *In view of the option being exercised, the clients would now be required to pay advisory fees and there would be 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.*
- 3.3. *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.”*
4. The submissions made in your letter have been considered. It is noted that the first two queries in your letter (as mentioned at paragraphs 3.1 and 3.2 above) merely state facts of the matter. With regards to your query 3 (as mentioned at paragraph 3.3 above), without necessarily agreeing with your analysis, our views are as under:

- 4.1. Regulation 22 of IA regulations, *inter-alia*, states as under:

“Client level segregation of advisory and distribution activities.

(1).....

(2).....

(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.*

.....

(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.”

4.2. Further, Paragraph 1(i) of Chapter I of the Master Circular for Investment Advisers dated February 06, 2026, *inter-alia*, provides the following:

“(i) Client Level Segregation of Advisory and Distribution Activities

To ensure client level segregation at IA’s group/ family level, as per Regulation 22(5) of the IA Regulations, following compliance and monitoring process shall be adopted:

(a) Existing clients, who wish to take advisory services, will not be eligible for availing distribution services within the group/family of IA. Similarly, existing clients who wish to take distribution services will not be eligible for availing advisory services within the group/ family of IA.

(b) A new client will be eligible to avail either advisory or distribution services within the group/family of IA. However, the option to avail either advisory services or distribution services shall be made available to such client at the time of on boarding.

(c)

*(d) The 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.
.....”*

4.3. Thus, in terms of Regulation 22(3) of the IA Regulations, it is mandatory for the non-individual investment adviser to maintain client level segregation and the same client cannot be offered both advisory and distribution services within the group of the non-individual IA. At the time of on boarding, a new client gets the option to avail either advisory services or distribution services within the group/ family of IA.

5. This letter has been issued with the approval of the competent authority and the guidance is based on the representation made in your Application. Different facts or conditions would require a different result. This letter expresses the relevant Department’s position and does not affect the applicability of any other law or requirements of any other SEBI Regulations, Guidelines and Circulars administered by SEBI or of the laws administered by any other authority. It does not express the decision of the Board on the questions presented and does not preclude you from taking any other opinion, as deemed appropriate.

Yours faithfully,

Divya Hamirbasia

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