

## Press Release

### **FPSB India geared up to be first-level regulator for financial advisors**

**Mumbai, May 04, 2007:** Responding to SEBI's Consultative Paper on 'Regulation of Investment Advisors,' Financial Planning Standards Board (FPSB) India declared its willingness to essay the role of a private sector self-financing regulating organization, which would act as a first level regulator for financial advisors at a CEOs Round Table held today,

**Mr. Shailesh H Haribhakti, Chairman, FPSB India**, reaffirmed that the organization would play a very active role in ensuring that the right kind of service reaches the right kind of people through this process so that there is awareness of what is available and how producers and distributors of financial products can come together in a way that is a win-win situation for all.

**Mr. Ranjeet S Mudholkar, CEO, FPSB India**, pointed out "Advising and selling are two different concepts entirely and we are very happy that SEBI has come out with this paper. There should be certification for financial advisors the way there is certification for those who are selling financial products. FPSB India by the virtue of its four 'E's – Education, Examination, Experience and Ethics requirement for its certification fits into the criteria outlined by SEBI for a private sector self-financing regulating organization."

Mr. Mudholkar emphasized on the need for rating financial advisors, while clarifying that the rating mechanism would not be about branding firms as good, bad or ugly."Firms would be categorized based on services offered, with each category indicating competence to provide services of a particular kind. When a customer walks into an advising institution, he should know what to expect." He compared the system to that of rating of Hotels & software firms.

**Mr. C Jayaram, ED, Kotak Mahindra Bank Ltd.** explained "Its early days yet; essentially a dialogue has been instituted. Its an evolutionary process, people need to be educated about what is required, what constitutes best practices, what financial planners are required to do. Large parts of the financial planning industry are extremely well regulated but there's an army of distributors extremely unregulated. Anyone can set up shop, so there is clearly a need for regulating that space. As an organization that promotes financial planning in India, we want that space to be regulated."

**Mr. Ajay Bagga, CEO, Lotus India Asset Management Co Pvt. Ltd.** underlined the need for market, legal and regulative framework for financial advisors to follow. "It will take time as the financial services market is very disparate from home offices to large conglomerates."

**Mr. A P Kurian, Chairman, AMFI**, explained that this is a consultative process that would need to be taken forward in a systematic manner. "There have been a series of consultations and it requires a conceptualization process."