

# RIAs welcome new IA regulations, hold optimistic outlook

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SEBI's new regulations on registered investment advisers (RIAs) have received a mixed response from the RIA community.

Among some of the key amendments that received positive response among RIA community are increasing the number of clients from 150 to 300, Rs.3 crore fee revenue threshold to corporatize business, introduction of refresher training examination for RIAs to renew license and clarity on scope of advice.

However, RIAs have different views on the introduction of part time advisers. According to the new rules, anyone who does not deal with investments and security markets like agents, CAs, lawyers, doctors and teachers can become a part time RIA. Employees can also become part time RIA by taking approval from their respective employers. They can give service to up to 75 clients.

Mumbai RIA, Vivek Rege of VR Wealth Advisors and Board Member, Association of Registered Investment Advisers (ARIA) believes that part time RIAs will get response from skilled professionals like finance professors. He said, "Initiatives like this should be welcomed, as they can open doors for skilled employees or professionals. Experimentation is essential, and we must allow adequate time before forming any conclusions." He said that the move is expected to yield results in a year's time.

Vishal Dhawan of Plan Ahead Wealth Advisors feels it remains to be seen how part time advisers address the dynamic needs of investors. He said, "This is good starting point for someone who wants to become a full time RIA but is sceptical about going full time. It creates a win-win situation for both investors and professionals. However, the key challenge for part-time RIAs lies in efficiently managing complex investor requirements, as this dynamic space demands significant time and dedication."

However, a few RIAs have a different opinion. Suresh Sadagopan of Ladder7 Wealth Planners said, "I am not greatly in favour of part-time RIAs. The term itself implies a lack of full commitment and even though they are limited to 75 clients, every client matters. One or two individuals might excel but not everyone can be as that efficient. Just as we don't have part-time doctors, we shouldn't have part-time financial advisors."

Suresh also noted that the newly introduced NISM X-C simplifies the renewal process, reducing the complexity of renewing licenses every three years.

Another key change to the regulations is allowing RIAs to use artificial intelligence tools to do financial planning and goal planning. While Vishal has welcomed this move, he said that RIAs must ensure securing client's data.