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Shri Naveen Sharma
Investment Management Department
Securities and Exchange Board of India
SEBI Bhavan, Plot No. C4-A, 'G' Block,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400 051

November 04,2016

Dear Sir,

Re: Comment letter on the Consultation Paper on Amendments to the SEBI (Investment Advisers) Regulations, 2013

1. We, United Forum, a forum of several national, local and regional associations of distributors and independent financial advisors (IFAs), write on behalf of our members, in reference to the invitation for comments on the Consultation Paper on Amendments/ Clarifications to the SEBI (Investment Advisers) Regulations, 2013 ("Consultation Paper"). We thank you for giving us the opportunity to submit our feedback on the Consultation Paper. Before we provide our comments, a brief introduction about us would give a little context to our expertise and locus in the subject.

2. United Forum is a forum of various Distributor Associations across the country comprising of 45 national, local and regional associations, representing distributors at an all-India level and across several states including Madhya Pradesh, Maharashtra, Gujarat, Orissa, West Bengal and Tamil Nadu. United Forum is presenting a common view representing the whole distribution community to the regulators and the government. United Forum has been engaged in undertaking various activities for the development of the mutual fund industry and distribution Industry. Annexure I attached hereto provides the list of members of United Forum.

3. While the proposals in the Consultation Paper purport to bring in uniformity in the standards applicable to all intermediaries and address regulatory gaps, we believe that the many of the proposals would be detrimental to the interest of investors and not be in accordance with the orderly development of the securities market. It may appear that making registration under the IA Regulations mandatory, for all mutual fund distributors providing incidental advice, would help regulate them better. However, such a measure

would not only unreasonably disrupt the activities of distributors (Independent Financial Advisors, national distributors and banks distributing financial products) and compromise financial inclusion, it would also be against the interests of investors. The ramifications of the Consultation Paper, if implemented in full, would be catastrophic for the growth of the financial products industry and largely defeat the financial inclusion agenda of the government and the regulator.

4. The proposal to remove the existing exemption granted to mutual fund distributors, under the IA Regulations, for providing incidental investment advice would gravely affect the service mechanism of distributors, and be harmful for investors. Firstly, it is pertinent to note that distributors perform several essential and critical functions in India. A distributor is not only responsible for marketing and selling mutual fund products, but also provides a range of services, both at the time of onboarding and on an ongoing basis, which greatly benefits investors, especially in the retail category. Distributors reach out to investors in small and large towns, make investors aware about their needs and goals, schemes of mutual fund houses and help them understand the effectiveness of mutual fund schemes for investments. Distributors help investors undertake transactions relating to switching, redemption and guide them periodically on the performance of their investments. Distributors monitor and review client portfolios to ensure that their investments suit their financial abilities and risk profile, and match with their overall financial goals. Further, distributors provide services to investors relating to their funds, such as aiding in nomination, calculation of taxation etc.

5. As may be inferred from the preceding paragraph, the nature of work of distributors entails an advisory component. We believe that the essence of incidental advice is very important for any financial distribution activity, lest the product may have harmful effects on the investor. Further, regulatory norms make it mandatory for distributors to sell only appropriate products after conducting the requisite process for assessing suitability of the products to the client's age, profile, pension aim and risk profile. A product appropriate for an upper middle class salaried person may be wholly unsuitable to a lower income person with a small shop. Pursuant to SEBI's circular dated August 22, 2011, distributors are duty bound to sell only suitable products to clients after a detailed profiling and assessment of the income, expenditure, wealth and risk appetite, retirement plan, time horizon for investments, taxation, goals etc. Removal of the advisory element would not only unreasonably limit the role of distributors but also expose investors to investments in unsuitable products. If distributors are not permitted to provide investment advice, as an activity necessarily associated with their distribution function, they may sell products without a check on the investor's risk profile. This move is clearly harmful to investors as the proposed regulation is reducing the obligations and level of service of the distributor. Further, as discussed, a distributor does not merely act as a courier for fund applications but provides several other critical services. Without the aid and advice of distributors, unsophisticated investors would make investment decisions that are unsuitable for them and expose themselves to market risks beyond their risk appetite or make inappropriately safe investments where inflation would eat away at their returns leaving an inadequate pension pot.

6. Secondly, the registered investment advisory model would not be feasible or workable for distributors. The Consultation Paper proposes that advisory services can be provided only through a separate subsidiary. If existing IFAs were to register under the IA Regulations, it would become impossible for such individual distributors to undertake both distribution and advisory functions as the current proposal will prohibit that. In addition, it would be a death knell to expect a small distributor in Nagpur to set up two companies for advisory and distribution functions. Since, both entities would be run by the same person, even where such corporate entities are set up, the additional requirement does not solve any problems. Further, the IA Regulations prescribe a minimum net worth of Rs. 25 lakhs for body corporates to be registered as IAs. This is an excessively high threshold which numerous existing distributors may not be able to meet. Finally, today a distributor collects commission from the manufacturer. Even assuming, the split roles/entities are viable for some of the distributors, expecting an advisor to charge say Rs. 5,000 as advisory fees for the year would make little sense for a small investor who wishes to invest say a monthly SIP plan of Rs. 1,000. The advisory fee would be an astronomical number for such an investor and a rational small investor would abandon such a market altogether.

7. In the current paper the proposal may force most of the Banking players to close the MF Distribution business. Banking is a very strong Distribution channel for the growth and financial inclusion of investors in the MF Industry, Banks cannot provide Mutual Funds as an investment product without an incidental advice element which is being suggested in this paper. It is not practical for them to set up another subsidiary to run the distribution through incidental advice activity. Today the distribution of products is done by thousands of employees spread across the smallest district of India. Several branches may have only one or two employees, of which one may be engaged in multiple activities including distribution of financial products. To mandate a separate company to provide advice and one probably to provide distribution apart from the banking company, to mandate Chinese walls in a small two employee branch in a small district of UP, to mandate NISM certification from this employee, these will all effectively stop not just new businesses but even push banks to shut their distribution of mutual funds, as its neither practical nor cost effective.

8. Currently, there are approximately active 46000 ARN Holders in a population of 130 crores. The proposals if implemented would force a considerable proportion of the distributor community, at least 70-80 % out of the distribution business and the MF Industry would virtually vanish from the market. This will lead to large amount of disservice to existing investors who will be orphaned on their portfolios and also new investors will not be brought to the Industry. The existing assets of the Industry will also be at risk since they can go in other alternate products and investors may take irrational decisions given lack of advice. The skill India and Entrepreneurship push program of Government of India will also suffer since financial Distributors will more or less seem to vanish .

9. Thirdly, the proposals would compromise with the level of financial inclusion in the country. There is a huge and pressing need for expanding mutual fund investments,[1] and as discussed, distributors are a crucial part of realising this potential. More than 85% of long-term funds in India are distributed through banks, national distributors and IFAs. The Sumit Bose Committee Report has highlighted the role and significance of distributors in educating the customer about modern finance and financial products, especially push products such as mutual funds. Investors typically lose money from bank fixed deposits post inflation and it is critical for the financial health of any person to invest in higher return products. The National Pension Scheme itself invests significant amounts in equity investments.

10. Most retail investors need help, guidance and service for savings and investing. Various surveys have indicated that Indian investors consider the role of distributors and advice as a key to their decision making process and do not have concerns regarding mis-selling, or pricing of products. In fact, with the intervention of distributors, investor savings and investments in financial products have gone up. There is a lot of hand holding that investors, especially retail investors, need from time to time for their investments. Hence, at this stage removing distribution in a meaningful role will be detrimental to the Indian investors. Retail customers may not seek advice from registered IAs because of the upfront advisory fees required under advisory model. While a Family Office with assets of more than Rs. 1 crore would engage an RIA, a person investing in an SIP of Rs 1000/- would not approach an RIA. By not permitting distributors to provide incidental investment advice without a separate IA registration and driving distributors away from their business, retail penetration in financial assets like mutual funds would suffer. Absence of a large distribution network will see households savings once again shift to unproductive physical assets like gold and result in a drastic fall in the reach of mutual fund products to households across the country, especially in B15 towns. The role of distributors is very important in educating and penetrating the retail customer base. Without proper regulatory structure, financial inclusion would be compromised.

11. The international experience in other jurisdictions viz. UK which moved towards only fee based advice is not encouraging from the point of view of retail investors. Specifically in UK after the implementation of RDR the following outcomes are clearly visible as stated in Annexure 6 (Independent research done by The Investment Association) that the guidance gap for retail consumers has increased significantly for the following reasons Firstly, it has lead to insufficient assets of retailers making advisory services /fees unviable for retail investors. Secondly, it has led to a huge fall in the number of advisers reducing the supply substantially resulting into several customers being orphaned. Thirdly, there has been unwillingness of customers to pay fees comfortable with embedded fees. Lastly, unbundling actually has increased the expense ratio of customers. The above outcomes are not all in favor of retail customers an\d the changes recommended in the paper are only leading towards such consequences which are not at all desirable or in the interest of investors.

[1] Indian Mutual Fund penetration is far lower at 7% of AuM/GDP)- [EFAMA, Oxford Economics, E & Y for year 2015)]

12. We believe that the proposal to make registration mandatory for distributors providing any advice is based on certain misplaced assumptions, such as, financial intermediaries like distributors would not act in the interest of customers. It is also based on a fallacious premise that creating two corporate entities will solve some of the problems which plague the markets today. It is our humble suggestion that the proposed regulatory changes in the Consultation Paper be relooked at. We are also ready to conduct a survey of investors in remote areas at our cost, by a reputed agency, to back up our claims made above if we are given 4 months time. We also attach the article by Mr. Sandeep Parekh, a lawyer and former ED of SEBI, in the Economic Times dated 3rd November 2016 which cogently argues why the proposals should not be adopted. Our detailed comments on the Consultation Paper have been appended hereto as Annexure II

Yours faithfully,

Hmehta

For United Forum

Annexed:

I. **List of Members of United Forum**
II. **Detailed comments**
III. **Other Annexures**

ANNEXURE 1 - Members of United Forum

1. Financial Intermediaries Association of India (FIAI)
2. Foundation of Independent Financial Advisors (FIFA)
3. Ahmednagar Mutual Fund Advisors Association
4. AIFA - Association of Independent Financial Advisors.
5. All Kerala IFA Association
6. All Mutual Fund Distributors Welfare Association
7. AMFIA (Madurai)
8. AP IFA Welfare Association
9. APIFA
10. ARN Holders Welfare Association Karimnagar
11. ASK Circle
12. Coimbatore IFA Association
13. Council Of Financial Planners
14. DFDA
15. Federation Of Financial Planners
16. Financial Advisor Association Meerut
17. Financial Advisor Association Of Rajasthan
18. Financial Associates of Coimbatore Team
19. Financial Product distribution association welfare committee
20. FRFA
21. Goa Association Of Financial Advisors
22. Guntavnuk Pratinidhi Vikas Sanstha Nashik
23. IFPA Chennai
24. Independent Financial Advisors Association
25. Insurance & Investment Advisor's Association
26. Jamshedpur IFA Association
27. KAMFA
28. Kanpur Financial Advisor Welfare Association
29. Marathwada Independent Financial Advisors Association
30. Distributor Association Varanasi
31. Mutual Fund Distributor Association -Jalandhar
32. Mutual Fund Distributors Association Himachal Pradesh
33. Mutual Funds Distributors Association-Ahmedabad
34. NIMFAA
35. Pondicherry Individual Financial Advisors Association
36. Pune Independent Financial Advisors Association
37. RMFAA Bareilly
38. Rourkela Individual Financial Advisor Association
39. Saurashtra Kutch Independent Financial Advisors Association - SKIFAA
40. South Gujarat IFA Association
41. TIFAA - Trichy IFA Association
42. Voice of Mutual Fund Distributors
43. Warangal mutual funds advisors association
44. Western Maharashrtra IFA Association
45. Western Odisha IFA Association

ANNEXURE II - Detailed comments

Points at a glance

The proposal to remove the exemption for incidental advice and make registration as IA mandatory for all mutual fund distributors providing any advice would severely affect the service being provided by such distributors, be detrimental to the interest of investors and disrupt the process of financial inclusion. Given the low level of financial literacy and under-penetration of mutual funds in India, distributors play a significant role in making customers aware about mutual fund investments and helping them make suitable investment decisions. The nature of work of distributors and existing regulatory norms require them to provide investment advice to their clients, especially retail investors. By removing the entitlement for providing incidental advice by distributors, the primary objective of protecting the "interest of investors" in securities would be defeated. Distributors, be it IFAs or banks, would be unable to carry out their business in a feasible and productive manner. In the absence of aid and advice by distributors, especially in B-15 towns, reach of mutual fund products would fall, and financial inclusion would be adversely affected.

Name of entity: United Forum			
S. No.	**Pertains to Point No.**	**Suggestions**	**Rationale**
1.	4.1.4(a)	It should not be mandatory for AMFI- registered mutual fund distributors to be registered as investment advisers under the IA Regulations, for providing incidental in respect of mutual fund products.	Mutual fund distributors provide a wide range of services to investors: a) They travel to remote towns and even villages at their own cost to reach out to potential investors. b) To get investors in the Mutual funds, they have to convince them on product superiority, work on the customers goals, plans, risk profiling and eventually asset allocation based on suitability analysis. Many surveys

			and research have proven that without a Distributor investors would not have considered meeting financial goals. c) Distributors do the entire legwork of getting KYC done for new customers, facilitating subscription, redemption and any customer services related issues sorted out with the AMC. d) Distributors also handle the customers in good and bad times of the markets besides advising them on what asset class, product class and the funds to invest in. The rebalancing of portfolios based on changing life goals, incomes, events and other related things are also handled by them. Many studies and analysis have clearly proven the alpha generated by the Distributor's advice has added significant value to customer portfolios. e) Have successfully converted savers with negative net returns (post inflation) into investors in Mutual funds. The current folio count of 5 crores (estimated 1.50 cr unique investors) have come due to the persistent efforts of the Distribution sales force. Of the equity

			investments nearly 90% of products are distributed (Figures from AMFI website). The current consistent monthly inflows of close to Rs. 3300 crs through about 1.09 crore live systematic investment plan (SIPs) is a live example of the same. Even the comparison of the FII flows versus flows coming through domestics mutual funds shows that it is the Distributors who are bringing in financial savings of Indian investors in the capital markets through Mutual funds. In the last financial year, FIIs withdrew Rs. 17,739 crores while MF net Sales were Rs. 1,02,491 crores. Thus they not only sell mutual fund products, but also provide advice in relation to such products. This is intrinsically connected with the nature of their work. Distributors have to provide some incidental advice for understanding customers' risk profile and suggesting suitable products for meeting their financial goals. Removing the exemption for incidental advice will adversely affect investors. Distributors would be unable to meet the eligibility criteria required for registration

			and would opt to give up their advisory role to avoid falling within the scope of the IA Regulations or being subject to its compliance requirements. As a result, they would not be under any obligation to recommend suitable products as per the client's risk appetite. A regulatory requirement to push unsuitable products will be the unintended consequence of this proposal. Given that mutual funds are still a push product, the role of distributors is critical for ensuring penetration of the mutual fund industry, especially in B-15 towns. It would become extremely difficult for a distributor to distribute mutual fund products and allay the perceived high risk of investing in mutual funds, without actually explaining the benefit of such products, responding to clients' queries and providing incidental advice. The removal of the exemption would kill a large section of mutual fund distributors who are engaged in providing such services, affect mutual fund investments and financial inclusion. Retail investors would become largely under serviced. Distributors being mere form providers, would not be catering to retail investors. Rarely does a client

			approach an advisor for investment in mutual funds, and is usually satisfied using a distributor under a regular plan. Investment advisers usually cater to more sophisticated investors like HNIs, corporates and institutions. Further, the proposal is contrary to SEBI's circular dated August 22, 2011, which requires distributors to perform risk profiling and comply with the requirement of appropriateness of the product. Thus a distributor is obligated to sell only the right product after understanding the client's profile, including finding out age, family, income stream, goals etc. There are adequate measures already in place to regulate different aspects of functioning of the mutual fund industry, including measures to check conflict of interest or adequate disclosures. Further, the purpose of the proposal would be defeated. The Consultation Paper wants distributors to get registered as IAs if they want to provide advisory services, in addition to their distribution business. However, under the IA Regulations, only corporate entities registered as investment adviser can offer execution or distribution

			services, and IAs can take fees only from the client and no other source. Individual IAs cannot be engaged in distribution/execution business. In such a case, individual distributors who are now receiving commission from fund houses, distribution and advisory-related fees from clients would only be permitted to receive advisory fees.
2.	4.1.4(c)	Mutual Fund Distributors (i.e., without IA registration) should continue to be allowed to recommend products, and not restricted to merely describing the product specification.	Describing the product specification is merely the introduction of the product. It will do more disservice to the investor than a service. Given the low level of awareness of the common public about financial products, mutual fund products are distributed in a way where the explanation of the products to the investors and advising precedes the selling of the product. With almost 2500+ MF schemes across multiple categories and asset classes, it is difficult for the customer to understand these schemes and decide which scheme best fits his/her requirement. In addition to the open ended schemes, there are many close ended schemes, fund of funds, NFOs, ETFs as well. The underlying scheme name, objective, investment manager, composition of the portfolio, benchmarks, exit load, taxation, etc. keeps changing from time to time. There is no standardization in the

			manner of reporting data. Historical returns may be reported on a point-to-point basis, absolute returns, annualized returns, rolling returns, CAGR or XIRR. Investors are unable to understand all these on their own and the need for someone to hand hold them from time to time during the entire investment journey cannot be overemphasized. It is the distributors who through regular interaction with the Investment Managers, their analysts and other team members – try to understand the scheme in greater detail based on which they are able to determine the suitability. Mutual fund distributors have played a significant role in terms of providing appropriate investment advice to the customers. The following data substantiates that statement. i) Huge growth in the Industry size, SIP inflows and a pivotal role in contributing versus the FII inflows in last many years (Annexure 3) ii) This has further been substantiated by the various Investor surveys and Industry reports highlighting the key role Distributors play (Annexure 4).

			iii) A huge benefit to investors through their advise in choosing right schemes and getting out of the underperforming schemes. An analysis displaying the sales of performing schemes and non performing schemes (Annexure 5) However, if distributors are allowed to merely provide product specification, the existing large population of retail investors would be severely affected, since it would not be feasible for anyone to service them. No person would want to be a courier of providing products. Distribution entails some form of advice being given by a distributor on various aspects including the amount to invest, the asset class based on risk appetite and financial goals. Further, in case of banks, filters like Risk Profiling, Asset allocation, appropriateness of the product for a goal, as well as matching the benefits of the product with the need of a specific set of clients, based on level of awareness of financial products gives the intermediaries the means to target the right set of clients for a product rather than exposing or allowing every customer of the bank to purchase a product without

			checking suitability. Mutual fund in India is now a financial inclusion investment vehicle due to the transparency and low cost it offers. Not allowing advice on product suitability would hamper proper allocation of funds and can lead to increase in risk in a customer portfolio than is suitable. The recent research published by the Investment Fund Institute of Canada (November 2015) suggests that investors with advisers (no difference in Canada between IA and distributor) are in a better position. Refer Annexure 4. It clearly states that over a 15 year period, investors with advisers have grown their investments 2.7 times more than investors who were on their own.
3.	4.1.4(b)	Distributors or agents should continue to be allowed to use the name 'independent financial adviser' or 'wealth adviser' without registration as IA.	There is already a requirement under the IA Regulations for a registered IA to use the term 'investment adviser' in its name or correspondences with clients, depending on whether it is a corporate entity or an individual. The term IFA has been used over the last decade by the industry and investors are aware of the term. Forcing the industry to change the nomenclature would create greater confusion in mind of investor – as to whether the service he is going to be offered will be different.

			Further, in entities such as banks, the Relationship Manager provides various other services including banking, payments, loans, FX, etc. They also distribute MFs to help meet the client's investment requirements. Hence, where the individual provides multiple services, it would be incorrect to only use the nomenclature 'mutual fund distributor'.
4.	4.2.2(a)	Persons who are providing investment advice in respect of securities or investment products, ancillary to their primary activity, should continue to be exempted from being registered as an IA under the IA Regulations.	SEBI-registered intermediaries such as brokers or portfolio managers would be providing advice to their broking and portfolio management clients respectively, as an auxiliary service to their primary activity. These intermediaries are already subject to eligibility requirements under the applicable regulations and are even required to comply with the obligations and responsibilities under Chapter III of the IA Regulations. There is no necessity for such persons to be registered under the IA Regulations.
5.	4.2.2(b)	All persons engaged in financial planning services should not be required to be registered as IAs.	Regulation 2(h) of the IA Regulations defines 'financial planning' to "include analysis of clients' current financial situation, identification of their financial goals, and developing and recommending financial strategies to realise such goals". Unlike the definition of 'investment advice' which is restricted to advice in relation to 'securities or investment products', this

			definition is very broad and is not limited to securities. Although the Consultation Paper states that advice exclusively on products in non-securities market which are regulated by other sectoral regulators is not covered under the IA Regulations, the definition of financial planning as given under the IA Regulations still remains unreasonably wide. A person may be engaged in financial planning services, but not with respect to any securities or products which SEBI is empowered to regulate. For instance, an individual may advise an investor to maintain emergency funds in a bank, or to have a term insurance. Therefore, until the definition of financial planning has not been suitably amended restricting it to securities or hybrid products to which SEBI's jurisdiction might extend, no such registration requirement should be there.
6.	4.3.4	Investment advisory services should continue to be offered through separately identifiably departments/ divisions.	The Consultation paper cites RBI guidelines which state that banks may offer investment advisory services through a separate subsidiary. However, RBI's objective is not to remove conflicts of interest or safeguard clients' interest, but to protect banks from investors' claims about deficiency in service being provided/ unsuitable products. The same logic cannot be extended to all corporate entities. The separate subsidiary requirement may backfire by actually

			limiting liability- corporate IAs may set up thinly capitalized subsidiaries and hence claims by investors, thereby limiting investors' claims. The IA Regulations already have provisions to check conflict of interest and maintain distinction between advisory and other services such as distribution/execution. Further, in case of banks, the current paper proposal may force most of the Banking players to close the MF Distribution business. Banking is a very strong Distribution channel for the growth and financial inclusion of investors in the MF Industry, Banks can not provide Mutual Funds as an investment product without an incidental advice element which is being suggested in this paper. It is not practical for them to set up another subsidiary to run the distribution through incidental advice activity] The current RBI circular does not prohibit banks from distributing financial products (only the advisory business and the advisory clients need to be handled through a separate subsidiary) with incidental advice, however the Consultation Paper suggests that banks cannot offer incidental advice which is not feasible. Banks are a significant contributor to overall sales of

			mutual fund products, but the proposal would make it non-feasible for them to carry on business.
7.	4.4.4	Persons providing investment advice in any electronic or broadcasting or telecommunication medium such as newspaper, magazines, etc. which is available to the public in general should not have to comply with Regulation 21 of SEBI (Research Analysts) Regulations, 2014.	Persons giving advice without consideration are neither investment advisers nor research analysts. An individual may appear on a TV show to discuss general trends in investment and may share his opinion regarding specific stocks. The proviso to Regulation 2(1)(l) of the IA Regulations specifically keeps advice given through newspaper, magazines, any electronic or broadcasting or telecommunications medium, which is widely available to the public, outside the scope of 'investment advice'.
8.	4.4.5	Advising clients after enrolling/getting them registered/subscribed on any public media platform, should not be considered as providing investment advisory services which require compliance with the IA Regulations.	Only registered investment advisers are required to comply with the IA Regulations (and not any person providing investment advice), and registration is required only for persons who provide investment advice for a consideration. Consideration is an essential ingredient for the IA Regulations to become applicable. When a person subscribes on a public media platform, there is no element of consideration- he does not pay the person providing advice. The latter is not required to be registered under Regulation 3(1) of the IA Regulations.
9.	4.5.2 (a)(b)	Persons providing trading tips, stock specific recommendations to the general public through	The provision is a direct hit on the freedom of speech and expression of citizens. Article 19(1)(a) of the Constitution of India

		SMSs, email, telephonic calls, etc. or any other social networking media such as WhatsApp, ChatOn, WeChat, Twitter, Facebook, etc., should not be required to obtain registration as IAs.	guarantees the right to express one's convictions and opinions freely, by word of mouth, writing, printing, picture or electronic media or in any other manner (addressed to the eyes or the ears). For any restriction on such right to be considered a valid restriction, it should be related to the permissible grounds enumerated in Article 19(2), i.e, interests of the sovereignty and integrity of India, the security of the State, friendly relations with foreign States, public order, decency or morality or in relation to contempt of court, defamation or incitement to an offence. Further, the restriction has to be reasonable. The proposal imposes a restriction on a citizens' freedom of speech and expression, which is neither reasonable or in relation to any of the permissible cases for restriction, and hence an unconstitutional restriction.
10.	4.5.2 (c)	No clause needs to be added in the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 to restrict the aforesaid activities.	The essential elements of fraud are an intention, materiality, reliance on the fraud and loss causation. When a person provides recommendations through a social media platform, there is no automatic assumption of fulfilment of these elements. People may be sharing honest opinions about a listed company on WhatsApp/ Twitter, without any intention to defraud. Such an insertion in the PFUTP Regulations would outlaw honest conduct as fraud and chill whistle

			blowing and factual communication about listed companies in general.
11.	4.8.5(c)	Research analysts providing research services to retail clients should not be required to ensure that the research service offered to the investor is based on overall financial situation and investment objectives of the client or comply with the requirements under Chapter III of the IA Regulations.	Research reports are typically shared as a whole with thousands of people. Imposing fiduciary obligations or a suitability requirement would not be practical in case of research analysts, who are not investment advisers. Compliance with suitability obligations is the task of the client's investment advisors.
12.	4.13.2	While there may be some norms to govern the issuing of advertisements by investment advisers, they should be practical and not unreasonable. For instance, the proposed requirement that an advertisement cannot contain information, the accuracy of which is dependent on assumptions or that an advertisement should not refer to any testimonial about the services, would be unreasonable.	The proposal contains many requirements that are vague, very broadly worded, or are unreasonable and would not serve any purpose. They would rather impose unnecessary burden on investment advisers. Contains information,
13.	4.15	Investment advisers should not be prohibited from providing free trial of trading tips to prospective clients.	Most service providers have a free trial period for prospective customers. So long as they contain requisite disclaimers, they should not be prohibited.
14.	4.16.5	While investment advisers	While some kind of disclosure regarding the

		providing online investment advisory services through automated tools, may be required to meet certain additional compliance requirements, such requirements should not impose unworkable and irrelevant restrictions on their functioning.	operation of the tools may be necessary, requiring the adviser to completely disclose all details about the automated tools that he has developed may put his business model at risk.

ANNEXURES - DATA POINTS AND EMPIRILICAL EVIDENCE

ANNEXURE 3 - ROLE OF DISTRIBUTORS IN GROWTH OF THE INDUSTRY

1. **Overall Industry statistics of last few years**

Month & Year	AuM	Equity AuM
March 2003	**INR 0.79 lac crs**	**0.14 lac crs**
Sept 2016	**INR 16.51 lac crs**	**INR 5.25 lac crs**

Source: Industry websites

Industry has grown significantly with the contribution from Distributors in bring a large amount of financial savings in the MF Industry as evident from above data especially retail and individual investors.

2. **SIP Numbers over the last few years**

Date	Number of SIPs	Monthly value of SIPs
March 2010	23.27 lacs	INR 498 crs
Sept 2016	109.30 lacs	INR 3,260 crs

Source: Industry websites

In last 6.5 years input-value of SIP has grown from 498 crores to 3260 crores a 33% growth which clearly states the quality work done by distributors

3. **FII flows vis-a-vis Mutual Fund Inflows:**

In the FY 15-16 FIIs withdrew INR 17,739 crores while MF net Sales were INR 1,02,491 crores. Last 5 years average of FIIs FY 11-12 to FY 15-16 in equity markets is INR 71,548 crores if SIPs even grows at a rate of 20% for next 5 years only domestic retail money of 1 lac crores can come in equity market reducing the dependence of FIIs completely.

ANNEXURE 4 - SOME OF THE SURVEYS AND REPORTS

1. **CANADA IFIC INVESTOR SURVEY OCTOBER 2015**

The research published by IFIC (Investment Fund Institute of Canada) in October 2015 suggests that investors with advisers (no difference in Canada between IA and distributor) are much better off. The detailed research is given in the annexure . It clearly states that over a 15 years period investors with advisers have grown their investments 2.7 times more than investors who were on their own. By disallowing distributors to advice it will be a big disservice to customers. Key highlights:

- Use of Advisor for Purchasing Mutual Funds In 2016, the overwhelming majority of mutual funds – nine out of ten - were purchased through a financial advisor. As recently as 2011, this proportion was eight out of ten. Clearly, purchases of mutual funds on-line or through customer service representatives have never made significant inroads into the market and are currently just one-half of what they were in 2011.
- Investors would have very limited confidence choosing mutual funds without the help of an advisor. The majority (56%) say they would feel not very confident or not confident at all.
- Investors who used an advisor to purchase a mutual fund have consistently reported that he or she discussed whether that fund suited the investor's objectives. This proportion has not fallen below 85% over the last ten years of tracking and stands at 90% in 2016.

Full survey available at: https://www.ific.ca/wp-content/uploads/2016/09/IFIC-Pollara-Investor-Survey-September-2016.pdf/15057/

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2. FIAI INVESTOR SURVEY DEC 2013-FEB 2014

- FIAI conducted a MF Investor survey on Distribution practices to find out how & what role the investors perceive of the critical last mile connect i.e. Distributor/Adviser with the product (Mutual Fund), the investor is buying
- It was a unique and first of its kind survey in the Industry which covered Distribution practices.
- The survey was conducted across:
  - *Entire geography of the country*
  - *Across Distribution segment clients*
  - *Retail as well as HNI clients*
  - *Various age group*
  - *Online as well as physical mode*
- The key objective of the survey was to find out the investor behaviour, preferences and feedback of the Distributor or Adviser advising him on the investments
- The other objective was to find out what does the investor look forward to from the adviser and the expectations from the regulator to safeguard their interest or develop the Industry
- The Survey also intended to find out satisfaction levels of the category schemes of the MFs

- Findings:
  - 86% of the customers are either satisfied or Neutral about their investments in MF
  - 62% of customers are in the High satisfaction bucket (4/5) w.r.t. Advisor/Distributor performance. Only 9% of the customers using Advisors/Distributors are not happy

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3. FIAI CRISIL DISTRIBUTION INDUSTRY REPORT 2015
Indian Financial Distribution Industry at the cusp: Vision 2020

The financial distribution industry in India is expected to see tremendous growth in the coming decade as a galloping economy boosts employment and raises incomes, and the much-vaunted demographic dividend drives investments into the capital markets. India is expected to log high GDP growth, which will push up household incomes and savings significantly. **This will catalyse household investments of a 'young' nation where the number of households having annual income in excess of Rs 5 lakh is estimated to rise from around 6.24 crore in 2014 to around 12.14 crore by 2020.**

We believe the next six years can very well spell boom time for financial products, specifically mutual funds and insurance plans, given that the economy is shifting to a higher-growth path. And as average household income rises, money managers and financial planners will have their task cut out: to steer the teeming millions towards financial investments and better potential returns for their hard-earned monies.

India's financial distribution industry has a large footprint, accounting for around Rs. 7.92 lakh crore ($126.63 billion) of assets under management of mutual funds (MFs) as on March 2015 and Rs. 3.57 lakh crore ($57.08 billion) of insurance premium collected in 2013-14. Yet, less than 5% of India's household financial savings of Rs. 8.19 lakh crore ($130.95 billion) was invested in the capital markets in 2013-14. There are three primary reasons for the abysmal level of interest: lack of awareness about financial products, market volatility, and a conservative mindset arising from low per-capita income. We believe it is in the nation's interest that we have long-term policies for channelling household savings into the capital markets.

Indeed, financial intermediaries and distributors will have a seminal role to play in fully realising that enormous potential. Today, the average working person, because of inadequate awareness and limited knowledge of investments, requires guidance and handholding. While the proliferation of internet helps many find answers to their investment questions, a good lot require the personal touch -- of a friend, philosopher and guide, as it were -- to wade through the complex world of investments and arrive at the optimal choice. Developing a vast pool of financial advisors and distributors is thus an imperative. This also helps in employment creation and retail penetration, and thereby benefits the economy at large. And since the industry requires specific skill sets, it is equally important to put in place initiatives that will foster such human resource development. Existing distributors are expected to resort to digital distribution to grow the industry significantly and at the same time reduce costs.

Implementation of the Securities Exchange Board of India's move to bring in a self-regulatory organisation (SRO) for mutual fund distributors would aid the industry. Additionally, creation of a single SRO for the entire distribution industry will help monitor and regulate financial intermediaries. This body could establish best practices and guidelines for its members, while keeping the interests of investors in mind, helping drive financial penetration further and spreading investor awareness. However, recent changes in the mutual fund industry including the recently imposed service tax on MF distributor commissions, and distributor commission capping can be a major dampener for the MF and the distribution industry unless resolved soon.

High potential

Within the financial products universe, mutual funds have the potential to grow the fastest as investors move away from traditional products and explore market-linked ones for long-term wealth creation. The mutual fund industry has potential to grow at 23% annualised over the next six years to an asset size of Rs 37 lakh crore ($591.57 billion). This is likely to be supported by distribution channels, which are estimated to grow at around the same pace. The pace will be aided by an increase in penetration in order to meet the financial aspirations of the rising middle-class as well as capital market performance. Banks, both private and PSUs, are in a sweet spot to capture the large middle class population across geographies. Independent financial advisors (IFAs) and national distributors (NDs) through technology-enabled sub-broker models are expected to expand their reach and presence in the B-15 cities (non-metros) to capture the biggest chunk of this growth opportunity.

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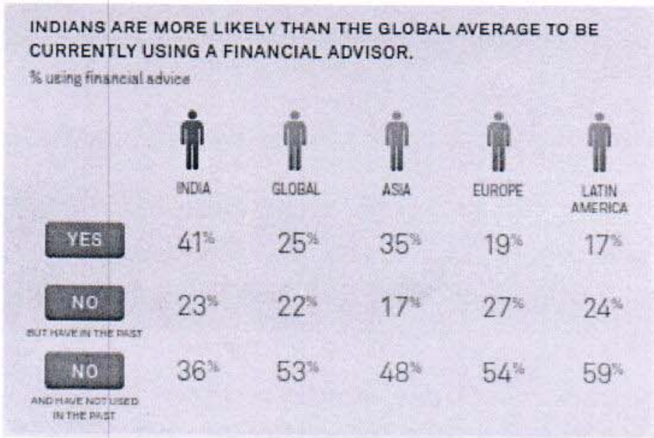
4. DSP BR INVESTOR SURVEY INVESTORPULSE 2015

Financial advice in India is widespread. 41% currently use the services of a financial advisor—much higher than the global average of 25%—and a significant proportion (23%) have used a financial advisor in the past but no longer do so. The relationship many have with their financial advisor is an ongoing one—54% speak to their financial advisor on a regular basis. Reliance on financial advisors is higher than the global average—a large proportion say they rely on their financial advisor for all of their investment decisions (39%). Satisfaction levels are also high—more than half (55%) are very satisfied with the service they receive. They are also willing to pay for it: 78% of Indians who use a financial advisor say that they are charged a fee for either the advice or the transaction.



ANNEXURE 5 - Distributor advice alpha analysis

An Internal study based on Industry net flows and Fund returns. Some findings:

Finding 1 - Year 2015-16 Analysis: Fund Returns and Industry Fund flow relationship

Analysis for 2015-2016 as on 30th Sept 2016							
Fund category	Time period ->	1 Year period			3 years period		
Diversified	Funds based on Returns	No. of funds	Net flows	% contribution	No. of funds	Net flows	% contribution
	Top 25 %	34	2180.69	39%	34	23599.76	64%
	Top 10%	14	1672.14	30%	15	15050.78	41%
	Total	135	5566.66		135	37026.65	
Large Cap	Funds based on Returns						
	Top 25 %	7	3870.29	43%	7	11518.22	68%
	Top 10 %	3	5065.66	56%	3	12825.36	76%
	Total	25	9004.93		25	16865.35	
Mid Cap	Funds based on Returns						
	Top 25 %	9	3957.00	72%	10	16166.14	70%
	Top 10 %	5	3245.63	59%	4	3938.09	17%
	Total	34	5528.29		34	23112.99	
Balanced	Funds based on Returns						
	Top 25 %	8	3765.19	18%	8	15415.46	35%
	Top 10 %	4	935.54	4%	4	3541.31	8%
	Total	32	21098.51		32	44128.83	

› Data as on 30th Sept 2016. Source: Industry data estimates

› Key highlights of Finding 1:

» Across all fund categories and time horizons of 1 year and 3 years, the top performing schemes have seen large quantum of sales for 30th Sept 2016

» For the 1 year period, 72% and 59% of all sales in Mid cap fund category funds came from the top 25% & 10% performing schemes respectively

» Similarly, for the 3 year period, a very high percentage i.e. 68% & 76% sales came from the top 25% & 10% performing schemes as compared to the overall sales in the Large cap fund category

» Across all categories and time horizons in 8 different scenarios, large proportion of funds were raised in top performing funds only

Finding 2 - Fund Returns and Industry Fund flow relationship for two years

Analysis for 2014-2015 funds – Year 2015 and 2016							
Fund category	Time period ->	3 year period for 2014-2015			3 year period for 2015-2016		
Diversified	Funds based on Returns	No. of funds	Net flow	Percent	No. of funds	Net flow	Percent
	Top 25 %	34	21377.08	89%	34	33053.51	89%
	Top 10%	14	15960.62	66%	14	24819.73	67%
	Total	135	24061.29		135	37026.65	
Large Cap	Funds based on Returns						
	Top 25 %	7	7805.176	208%	7	18356.77	109%
	Top 10 %	3	4819.779	128%	3	13252.16	79%
	Total	25	3752.81		25	16865.35	
Mid Cap	Funds based on Returns						
	Top 25 %	9	7421.278	46%	9	12374.5	54%
	Top 10 %	4	3467.641	22%	4	6673.17	29%
	Total	34	16057.48		34	23112.99	
Balanced	Funds based on Returns						
	Top 25 %	8	12275.07	55%	8	24070.26	55%
	Top 10 %	5	9497.589	43%	5	18463.38	42%
	Total	32	22288.68			44128.83	

Data as on 30th Sept 2016. Source: Industry data estimates

› Key highlights for 2015 and 2016:

» This analysis focuses on the relationship between one year's top performing funds and their inflows in two consecutive years i.e. the same year 2014-15 and the next year 2015-16 (for the last 3 years period)

» Across all fund categories for a 3 years period, the top performing schemes have seen large quantum of sales in both 2014-15 and 2015-16

» In Mid cap funds for the year 2014-15 & 2015-16, 208% and 109 % of sales (last three years) came from the top 25% performing schemes of 2014-15

» In Diversified funds category for the year 2014-15 & 2015-16, 66% and 67 % of sales (last three years) came from the top 10% performing schemes of 2014-15

» Across all categories and time horizons in 8 different scenarios the bulk of funds were raised in top performing funds only

Finding 3 - Comparison of Top performing funds vs Bottom performing funds

Comparison of top performing funds vs bottom performing funds - Three years comparison										
Fund category	Time period ->	3 year period for 2013-14			3 year period for 2014-15			3 year period for 2015-16		
	Funds based on Returns	No. of funds	Net flows	% contribution	No. of funds	Net flows	% contribution	No. of funds	Net flows	% contribution
	Top 25 %	37	10415.86		34	21377.08	89%	34	23599.76	64%
	Bottom 25 %	34	-7373.30		34	-2263.92		34	-996.17	
Diversified	Total	135	-10077.50		135	24061.29		135	37026.65	
	Funds based on Returns									
	Top 25 %	7	2506.79		7	7805.18	208%	7	11518.22	68%
	Bottom 25 %	6	-3667.30		6	-7232.92		6	-316.67	
Large Cap	Total	25	-12316.48		25	3752.81		25	16865.35	
	Funds based on Returns									
	Top 25 %	9	2210.74	65%	9	7421.28	46%	10	16166.14	70%
	Bottom 25 %	9	-1988.38		9	-1091.70		9	2665.42	12%
Mid Cap	Total	34	3398.39		34	16057.48		34	23112.99	
	Funds based on Returns									
	Top 25 %	8	2290.06	341%	8	12275.07	55%	8	15415.46	35%
	Bottom 25 %	8	-144.76		7	403.04	2%	8	-630.12	
Balanced	Total	32	671.05		32	22288.68		32	44128.83	

Data as on 30th Sept 2016. Source: Industry data estimates

› Key highlights :

- » This analysis focuses on the inflows in top performing funds vs bottom performing funds for the last 3 years period
- » Across all fund categories for a 3 years period, the top performing schemes have seen large quantum of positive sales as compared to significant outflows in the bottom performing funds (except on two occasions, there also the proportion was very small)
- » For example, in Balanced funds category for the year 2013-14, the top performing 25% funds contributed 341% of total sales (of last three years) as compared to -145 crs outflow in bottom 25% funds
- » Another example, in Large cap funds category for the year 2014-15, the top performing 25% funds contributed 208% of total sales (of last three years) as compared to -7233 crs outflow in bottom 25% funds
- » Across all categories in the 3 year time horizons in 12 different scenarios the top performing fund sales were much higher in % & absolute terms than bottom performing funds clearly depicting the role of Distributor in choosing best performing & redeeming poorly performing funds

ANNEXURE 6 - Global context

1. UK RDR impact - The impact of UK RDR is listed in the study below:

Impact of UK RDR

1. Guidance Gap

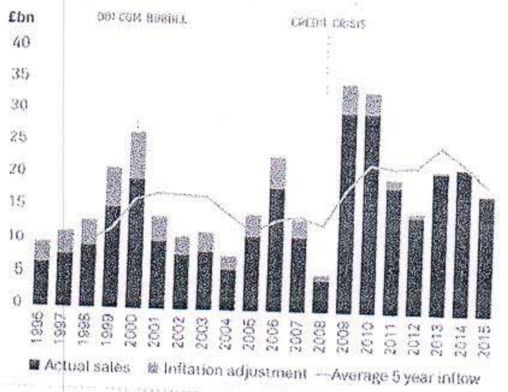
The evidence from the U.K. indicates that rules changes that ban commissions will have the unintended consequence of increasing the "**guidance gap**".

Professor Andrew Clare of London's Cass Business School has been the principal author the study: "The Guidance Gap"

The study found clear evidence that the RDR would increase the "guidance gap," or the numbers of individuals operating without financial advice but lacking confidence to be do-it-yourself investors. They estimated that 43 million of the 50 million U.K. adults would fall in this guidance gap because of insufficient assets, an unwillingness to pay the level of fees advisors charge and advisors being driven out of the business (higher qualifications, loss of commission charging).

The average 5 year inflow of retail sales has fallen from 2013 till 2015, confirming the lack of confidence among retail investors and suggests existence of the "guidance gap".

NET RETAIL SALES (1996-2015)



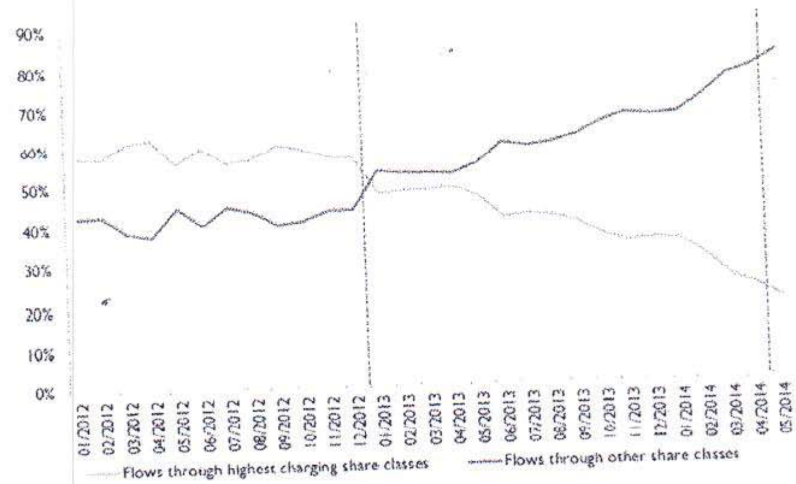
Source: The Investment Association

Thus the author forecast a bifurcation of financial advice in the U.K.

- Upscale clients will receive improved service from a smaller force of better-qualified and less-conflicted advisors.
- But an unintended consequence of RDR will be that the guidance gap will expand to 85% of the adult population.

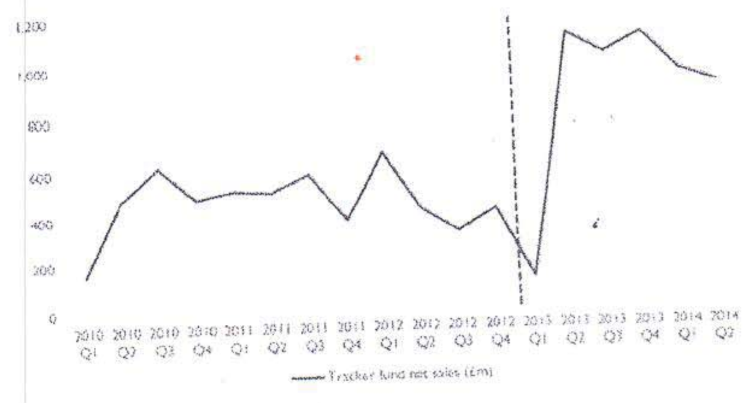
2. Change of Product Mix

RDR was successful in achieving the objective of eliminating bias towards investments with higher commissions. The gross retail flows through highest-charging class shares declined significantly after the RDR implementation.



Source: The Investment Association

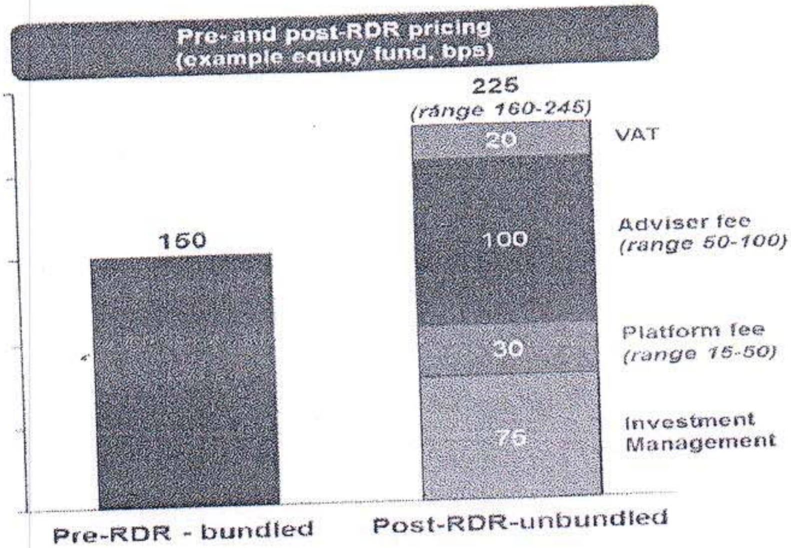
But it did impact the product mix of product manufacturers. The low expense tracker funds sales took-off after RDR implementation. Even though the overall AUMs grew, but margins came under pressure due to changing mix.



Source: The Investment Association

3. Cost

Unbundling may not reduce costs at all.



Source: M&G Investments.

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2. **India's MF penetration as compared to other countries**

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3. **Objectives and Principles of Securities Regulation, IOSCO**

Principle No. 23

Market intermediaries should be required to comply with **standards for internal organization and operational conduct that aim to protect the interests of clients,** ensure proper management of risk, and under which management of the intermediary accepts primary responsibility for these matters.

Information about Customers

A firm should seek from its customers **any information about their circumstances and investment objectives relevant to the services to be provided.** Policies and procedures should be established which ensure the integrity, security, availability, reliability and thoroughness of all information, including documentation and electronically stored data, relevant to the firm's business operations. **Where the activities of an intermediary extend to the giving of specific advice, it is of particular importance that the advice be given upon a proper understanding of the needs and circumstances of the customer:** a matter generally encompassed in the rule of conduct that the intermediary must "know your client."

Investment Adviser
There are investment advisers who neither deal on behalf of clients nor hold client assets nor have custody of client assets nor manage portfolios, but who only offer advisory services without at the same time offering other investment services. In this case it may be sufficient if the market intermediaries on whose services these investment advisers advise are adequately licensed according to the principles stated above; therefore, separate licensing of the investment adviser may not be strictly required.

United States Financial Sector Assessment Program Detailed Assessment of Implementation of The IOSCO Objectives and Principles of Securities Regulation

Consistent regulation of like services and products
CIS are regulated either as MFs under the securities laws or CPs under the CEA. There are some differences in the obligations that apply to their operators depending on the applicable regime (whether securities or derivatives). For example, IAs are subject to a strict fiduciary obligation, but such a duty does not apply to CPOs under the CEA—although this type of duty may stem from state law. Similarly, **BDs that provide advice to clients incidental to their broker-dealer business are not bound by the same fiduciary standard as IAs.**

Consistent treatment of like conduct and products
For the most part, like regulation is applied to like products and services. In some areas, however, **there are differences between the regulatory regimes for what is, in essence, the same activity, especially from the perspective of retail investors. For example, in the securities area, IAs are subject to a fiduciary obligation to their customers and, at least in the case of IAs to mutual funds, conflicts of interest regulation contains an extensive list of prohibitions.** In the derivatives area, CPOs and CTAs do not have fiduciary obligations stemming from the CEA, and the relationship between them and CP participants and CTA customers is governed largely by disclosure obligations and by some specified rules of conduct.

The assessors recognize that in some cases an obligation akin to a fiduciary duty may arise under state law. They also acknowledge that there are differences between securities and derivatives products (including futures) that can justify differences in the way these products are regulated. Nonetheless, **conduct in the form of the provision of advice to retail investors is substantially the same type of conduct, regardless of whether the products that are the subject of the advice are securities or derivatives. Yet,** current differences in the areas identified could have a significant impact on the degree of protection afforded to retail investors in CPs and customers of CTAs. The CFTC may wish to look more closely to determine whether legal changes should be pursued to subject CPOs and CTAs to a similar standard of care as IAs and to a more comprehensive framework to address conflicts of interest

ANNEXURE 7 - Article in The Economic Times by Mr. Sandeep Parekh

View: Did Sebi just score a self-goal on stock advice and free speech?
By Sandeep Parekh

The Securities and Exchange Board of India (Sebi) has come out with a consultation paper to modify the existing regulations of investment advisors, distributors and research analysts. The proposed amendments should be abandoned, commas and full stops included. As proposed, they would hurt investors, mandate unsuitable products to investors, fight the law of economics (unsuccessfully), outlaw honest conduct as fraud and place unconstitutional restrictions on your and my freedom of speech.

The current regulatory landscape is as follows. We have 80,000 odd distributors of mutual funds.These are agents of mutual funds and receive a commission from the funds. This is a conflicted model as it incentivises distributors to sell the products juiciest for themselves, not the most appropriate for the investor. This has been tackled by Sebi in a three-pronged approach. Limit commissions aggressively ,strict disclosure norms of what is shared with the distributor and imposition of fiduciary standards on the distributors. Then there are advisors who advise clients for a fee and are not permitted a commission, though their distribution arm may charge such commission on a disclosed basis. Distributors of mutual funds are today exempt from registering as an investment advisor so long as they give incidental advice, which in fact they are obligated to give based on a 2011 circular of Sebi. Specifically , they are obliged to study the financial situation, investment experience, and investment objectives of the investor before recommending a product.

Now, Sebi seeks to take away the advisory exemption to distributors. This seemingly innocuous move will have catastrophic consequences. While we have over 500 registered advisors, by my estimate, those who are advisors without any affiliated distribution function would run in single digits. It is not economically viable to be pure a play advisor.

Dangerously , such a regulatory fatwa would force distributors, not to register as advisors, but rather to stop their advisory role. People assume this will hurt distributors. In fact, distributors will be happy to give up the advisory role which imposes a cost and a fiduciary obligation on them and little revenue. The sole loser of this move will be the investor. Distributors will not only obtain the ability to sell products without a basic check on the risk profile and risk appetite of the client, but the law will force the distributor to sell unsuitable products to investors, for without proper advice there can never be a proper sale. This is an avoidable regulatory self-goal.

The second proposal of the Sebi paper is to disallow a division of the investment advisor to provide distribution and execution or orders. Instead, it mandates the separate arm to be set up as a separate subsidiary . For this it relies on the Reserve Bank of India (RBI) mandating banks to set up separate subsidiaries to provide advice and not directly by the bank. The reason RBI has mandated the subsidiary model is not to help investors, but to protect the banks from investors claiming that they have been defrauded or sold unsuitable products by the bank. This, too, would be investor unfriendly .

The third proposal is the most innocuous sounding, but the most dangerous. It seeks to curb providing securities specific recommendations through SMS, email, blog, chats, social media etc. unless that person is a registered investment advisor. Not only that, it proposes to categorise such communications by itself as fraudulent. The charge of fraud requires proving intent to defraud, material misstatement, causation and actual harm. All four seem not required to prove fraud if you share an honest opinion about a listed company on WhatsApp. In addition, it would make Warren Buffett (if he were based in India) a criminal as he shares his views on a large number of companies. The following statement from his annual letter to shareholders could land him in jail for up to 10 years. “Precision Castparts Corp. (PCC), a business that we purchased a month ago for more than $32 billion of cash. PCC fits perfectly into the Berkshire model and will substantially increase our normalised per-share earning power."However, a graduate who wishes to register with Sebi is fine commenting on all and sundry companies. The proposal will chill whistle blowing, chill factual and analytical communication about listed companies in general, and impose a constitutionally impermissible restriction on freedom of speech.

Finally , the paper discusses the Research Analyst Regulations of Sebi. Any person who provides research reports giving buysell hold recommendations, or provides an opinion on listed companies is obligated to register with Sebi. The paper seeks to impose suitability obligations on the analyst ensuring `that the research service offered to the investor is based on overall financial situation and investment objectives of the client.' A research report is typically shared en masse often with thousands of people. Imposing a suitability requirement would be unworkable and is the task of the client's investment advisors. Sebi is clearly the most open regulator in terms of listening to comments and it is hoped that they will abandon this entire project, perhaps, retaining only the full stops.

(The author is managing partner of Finsec Law Advisors.)

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