



## **Compliance Auditor's Report**

**To the Members of Waterfield Financial and Investment Advisors Private Limited**

**Compliance Audit Report as per the Regulation 19(3) of the Securities and Exchange Board of India (Investment Advisers) Regulation, 2013 for the Financial Year 2021-22.**

We have conducted a compliance audit of **Waterfield Financial and Investment Advisors Private Limited** ('the Company'), having its registered office at 142, 14<sup>th</sup> Floor, Maker Chamber VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021 in pursuance of the provisions of the Securities and Exchange Board of India (Investment Advisers) Regulation, 2013 ('the Regulations'), and we annex hereto summary of our observations.

### **Management's responsibility for compliance with the Regulations**

Compliance with the provisions as laid down by the Regulations is solely the responsibility of the management of the Company. This responsibility, inter alia, includes compliance with capital adequacy requirement and qualification and certification requirement along with fulfilling certain general responsibilities and disclosure requirements as mentioned in the Regulations.

### **Compliance Officers' responsibility for monitoring the compliance in respect of the Regulations**

Monitoring compliance with the Regulations is solely the responsibility of the Compliance Officer who is appointed by the Company. This responsibility includes monitoring the compliance by the Company in respect of the requirements of the Securities and Exchange Board of India Act, 1922, the Regulations, notifications, guidelines and instructions issued by the Securities and Exchange Board of India ('SEBI').

### **Our responsibility**

1. Pursuant to clause 19(3) of the Regulations, it is our responsibility to conduct a compliance audit, form an opinion on the same, and to report our opinion to the Management of the Company.
2. We have conducted our examination, on a test basis to obtain reasonable assurance as to whether the Company has complied with all the provisions as laid down in the Regulations. We have compared the information provided to us by the Company with the relevant records, documentation given to us, wherever possible. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion and to the best of our knowledge and according to examination of relevant documents and explanations given to us, the Company has complied with the provisions of the Regulations.

### **Disclaimer of Opinion**

Regulation 15(6) states that the investment adviser shall not divulge any confidential information about its client, which has come to its knowledge, without taking prior permission of its clients, except where such disclosures are required to be made in compliance with any law for the time being in force. To the best of our knowledge, we have not come across any instances of the non-compliance with the said clause, however, we have not been able to obtain sufficient appropriate evidence to form an opinion / conclusion of the Company's statement in this regard. Accordingly, we are not in a position to express an opinion.



Annexure-I to Compliance Auditor's Report

Name of BASL enrolled Investment Adviser	Waterfield Financial and Investment Advisors Private Limi
BASL Membership ID.	BASL1627
SEBI Registration No.	INA000001811
Annual compliance Audit Report for FY ended	2021-2022

Annual Compliance Audit Report for F. Y 2021-2022				
Regulation	Particulars	Compliance Status	Reasons for non-compliance/Non-applicability	Action taken on adverse findings
Regulation 3	<b><u>Application for grant of certificate</u></b> (1) No person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations.	Complied (Refer Attachment 1 and 2)	Not Applicable	Not Applicable
Regulation 6	<b><u>Consideration of application and eligibility criteria</u></b> Regulation 6 states all matters, which are relevant for the purpose of grant of certificate of registration.	Not Applicable	The company is already registered under SEBI and hence this regulation is not applicable to it	Not Applicable
Regulation 7	<b><u>Qualification and certification requirement</u></b> An individual investment adviser or a principal officer of a non-individual investment adviser registered as an investment adviser under these regulations and persons associated with investment advice shall have minimum qualification and certification requirements as mentioned in Regulation 7(1) and 7(2).	Partially Complied (Refer Attachment 3 and 4)	The Principal Officer as well as employees associated with investment advice have procured minimum qualification as well as certification requirements except for some instances.	Not Applicable
SEBI/HO/IMD/DF1/CIR/P/2020/182 (Dated September 23, 2020) Clause (iv)	<b><u>Qualification and certification requirement</u></b> Existing individual IAs above fifty years of age shall not be required to comply with the qualification and experience requirements specified under Regulation 7(1) (a) and 7(1) (b) of the amended IA Regulations. However, such IAs shall hold NISM accredited certifications and comply with other conditions as specifies under Regulation 7(2) of the amended IA regulations at all times.	Not Applicable	Since the company is not an Individual IA, this SEBI Circulation is not applicable to it	Not Applicable

**Annual Compliance Audit Report for F. Y 2021-2022**

<b>Regulation</b>	<b>Particulars</b>	<b>Compliance Status</b>	<b>Reasons for non-compliance/Non-applicability</b>	<b>Action taken on adverse findings</b>
<b>Regulation 8</b>	<b><u>Net worth</u></b> (1) Investment advisers who are non-individuals shall have a net worth of not less than fifty lakh rupees. (2) Investment advisers who are individuals shall have net tangible assets of value not less than five lakh rupees.	Complied	Not applicable	Not applicable
<b>Regulation 13</b>	<b><u>Conditions of certificate</u></b> (b) The investment adviser shall inform the Board in writing, if any information or particulars previously submitted to the Board are found to be false or misleading in any material particular or if there is any material change in the information already submitted.	Not applicable	To the best of our knowledge, no such instances were noticed during the period under audit.	Not applicable
<b>SEBI/HO/IMD/DF1/CIR/P/2020/182 (Dated September 23, 2020) Clause 2(v)</b>	<b><u>Registration as Non-Individual Investment Advisor</u></b> An individual IA, whose number of clients exceed one hundred and fifty in total, shall apply for registration as non-individual investment adviser within such time as specified under this clause.	Not Applicable	Since the company is not an Individual IA, this SEBI Circulation is not applicable to it	Not applicable
<b>Regulation 15</b>	<b><u>General Responsibility</u></b> The regulation 15 imposes certain responsibilities on the Investment Adviser for the transactions it undertakes on behalf of its clients.	Complied	Not applicable	Not applicable
<b>Regulation 15 A</b>	<b><u>Fees</u></b> Investment Adviser shall be entitled to charge fees for providing investment advice from a client in the manner as specified by the Board.	Complied	Not applicable	Not applicable
<b>SEBI/HO/IMD/DF1/CIR/P/2020/182 (Dated September 23, 2020) Clause 2(iii)</b>	<b><u>Fees</u></b> Investment Advisers shall charge fees from the clients in either Assets under Advice (AUA) mode or Fixed fee mode.	Complied	Not applicable	Not applicable

**Annual Compliance Audit Report for F. Y 2021-2022**

<b>Regulation</b>	<b>Particulars</b>	<b>Compliance Status</b>	<b>Reasons for non-compliance/Non-applicability</b>	<b>Action taken on adverse findings</b>
<b>Regulation 16</b>	<b><u>Risk profiling</u></b> This involves profiling, assessing the risk appetite of each client individually, and communication of such profile to the respective client.	Complied (Refer Attachment 5 and 6)	Not applicable	Not applicable
<b>Regulation 17</b>	<b><u>Suitability</u></b> Investment adviser shall ensure suitability of the advice being provided to the client.	Complied (Refer Attachment 5)	Not applicable	Not applicable
<b>SEBI/HO/IMD/DF1/CIR/P/2020/182 (Dated September 23, 2020) Clause 2(viii)</b>	<b><u>Risk profiling and suitability for non-individual clients</u></b> (b) In case of non-individual clients, IA shall use the investment policy as approved by board/management team of such non-individual clients for risk profiling and suitability analysis. (c) The discretion to share the investment policy/relevant excerpts of the policy shall lie with the non-individual client. However, IA shall have discretion not to onboard non-individual clients if they are unable to do risk profiling of the non-individual client in the absence of investment policy.	Complied	Not applicable	Not applicable
<b>Regulation 18</b>	<b><u>Disclosure to clients</u></b> This involves disclosure of all necessary information by the investment adviser to its clients.	Complied	Not applicable	Not applicable
<b>Regulation 19</b>	<b><u>Maintenance of records</u></b> This regulation requires maintenance of certain records, preservation of the same and audit of such records by the prescribed professional.	Complied	Not applicable	Not applicable
<b>SEBI/HO/IMD/DF1/CIR/P/2020/182 (Dated September 23, 2020) Clause 2(vi)</b>	<b><u>Maintenance of record</u></b> IA shall maintain and preserve records of interactions, with all clients including prospective clients, where any conversation related to advice has taken place, in the form as specified under this clause.	Complied	Not applicable	Not applicable

**Annual Compliance Audit Report for F. Y 2021-2022**

Regulation	Particulars	Compliance Status	Reasons for non-compliance/Non-applicability	Action taken on adverse findings
SEBI/HO/IMD/DF1/CIR/P/2020/182 (Dated September 23, 2020) Clause 2(ii)	<p><b><u>Agreement between IA and the client</u></b>                      IA shall enter into an investment advisory agreement with its clients as prescribed under this clause and shall ensure that neither any investment advice is rendered nor any fee is charged until the client has signed the aforesaid agreement.</p>	Complied	Not applicable	Not applicable
Regulation 20	<p><b><u>Appointment of Compliance officer</u></b>                      An investment adviser shall appoint a compliance officer who shall be responsible for monitoring the compliance by the investment adviser.</p>	Complied (Refer Attachment 7)	Not applicable	Not applicable
Regulation 21	<p><b><u>Redressal of client grievances</u></b>                      Investment adviser shall redress client grievances promptly through an adequate procedure.</p>	Complied	Not applicable	Not applicable
Regulation 22	<p><b><u>Client level segregation of advisory and distribution activities</u></b>                      (1) An individual investment adviser shall not provide distribution services.                      (2) The family of an individual investment adviser shall not provide distribution services to the client advised by the individual investment adviser and no individual investment adviser shall provide advice to a client who is receiving distribution services from other family members.                      (3) A non-individual investment adviser shall have client level segregation at group level for investment advisory and distribution services.                      (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.</p>	Not Applicable	Based on the details and information provided to and verified by us and to the best of our knowledge, the Company does not provide any such services. Furthermore, the company is only providing investment advisory services and hence they are maintaining arm's length relationship	Not applicable

**Annual Compliance Audit Report for F. Y 2021-2022**

Regulation	Particulars	Compliance Status	Reasons for non-compliance/Non-applicability	Action taken on adverse findings
SEBI/HO/IMD/DF1/CIR/P/2020/182 (Dated September 23, 2020) Clause 2(i)	<p><b><u>Client Level Segregation of Advisory and Distribution Activities</u></b>                      Compliance and monitoring process for client segregation at group or family level shall be in accordance with the guidelines as specified under this clause.</p>	Not Applicable	Based on the details and information provided to and verified by us and to the best of our knowledge, the Company does not provide any distribution services. Furthermore, the company is only providing investment advisory services p	Not Applicable
Regulation 22A	<p><b><u>Implementation of advice or execution</u></b>                      (1) Investment adviser may provide implementation services to advisory clients, provided no consideration shall be obtained directly or indirectly either at group level or at family level.                      (2) Investment adviser shall provide implementation services only through direct schemes.                      (3) Investment adviser or group or family of investment adviser shall not charge any implementation fees from the client.                      (4) The client shall not be under any obligation to avail implementation services offered by the investment adviser.</p>	Complied	Not Applicable	Not Applicable
SEBI/HO/IMD/DF1/CIR/P/2020/182 (Dated September 23, 2020) Clause 2(ix)	<p><b><u>Display of details on website and in other communication channels</u></b>                      IAs shall prominently display the information as specified under this clause, on its website, mobile app, printed or electronic materials, know your client forms, client agreements and other correspondences with the clients.</p>	Complied	Not Applicable	Not Applicable
(SEBI/HO/MIRSD2/DOR/CIR/P/2020/221) dated November 03, 2020)	Compliance of the SEBI circular for Advisory for financial Sector Organizations regarding Software as a Service (SaaS) based solutions for half-yearly ended 31st March 2022 and 30th September 2022.	Complied	Not Applicable	Not Applicable

