

Digital Personal Data Protection Act, 2023

Impact on Investment Advisers



Who are Investment Advisers (IAs)?

A SEBI regulated entity under the SEBI (Investment Advisers) Regulations 2013 involved in offering investment advice in relation to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products

Data Fiduciary

IAs would be considered as data fiduciaries under the DPDPA as they collect, analyse, and determine the means and purpose of processing personal data in order to provide data principals with investment advice.

What is client information?

Information of a client for the purpose of risk profiling and risk assessment for providing investment advice.

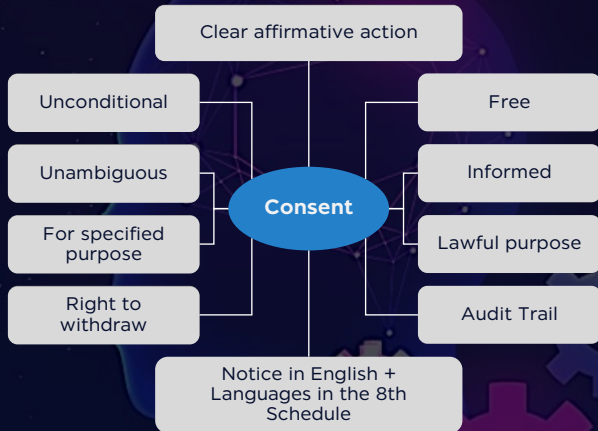
What is Personal Data?

Data of an individual who is identifiable by or in relation to such data

Existing Compliance Requirements

- Requires obtaining prior explicit consent of the client for third party data sharing.

Compliance under the DPDP Act 2023



Existing Compliance Requirements

- Ensuring confidentiality of client's information

Compliance under the DPDP Act 2023

- Protection of personal data in possession or control
- Reasonable security standards to prevent breach
- Reporting data breaches to the Data Protection Board and the Data Principal



Existing Compliance Requirements

- With explicit prior consent of the client or where such sharing is required as per statutory or regulatory requirement

Compliance under the DPDP Act 2023

- For any sharing of personal data to a third party (Data Processor or another Data Fiduciary), ensuring accuracy, correctness and completeness of the data
- Requirement of a valid contract for engaging a Data Processor



Data principal's duties



Existing Compliance Requirements

- To ensure that no material information is omitted, and no wrong information is submitted to the IA.

Compliance under the DPDP Act 2023

- Not to impersonate another person
- Not to suppress any material information while providing personal information



Certain additional compliances under the DPDP Act

- Establishing a grievance redressal mechanism
- Amendment of the existing privacy policy and customer agreements in line with the DPDP Act
- Modify systems to enable use of consent managers by the Data Principals
- Provide privacy notice for consent received for processing of personal data prior to the date of enforcement of the DPDP Act

