

**Part 2A of Form ADV: Firm Brochure**

Item 1 Cover Page

**IIFL INC.**

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**FORM ADV, Part 2A**

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This brochure provides information about the qualifications and business practices of IIFL Inc. (the "Firm" or "IIFL"). If you have any questions about the contents of this brochure, please contact us at (212) 221-6800. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about IIFL is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Item 2 Material Changes

Not Applicable.

### Item 3 Table of Contents

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#### Item 4 Advisory Business

The Firm is a wholly owned subsidiary of India Infoline Limited (the "Parent"), which is a financial services conglomerate based in India, with a network of over 2,500 business locations spread over more than 500 cities and towns across India. Further details of the Parent can be found at the Parent's website [www.indiainfoline.com](http://www.indiainfoline.com).

The Firm has been a registered investment adviser with the SEC since May 5, 2008, providing the same services described in this brochure.

The Firm focuses its investments in the South East Asian markets, with a focus on India, Singapore, China and Sri Lanka.

#### Foreign Institutional Investor (FII) Services.

The Securities Exchange Board of India ("SEBI") provide that in order to invest in India, investors are required to obtain a foreign institutional investor license (the "FII License") or investors may invest through an entity that has the FII License by setting up accounts with such entity. The Firm has an FII License and through an Investment Facilitation Agreement (the "Agreement"), the Firm maintains sub-accounts on behalf of its clients (the "FII Services"), which are predominately ETFs, hedge funds, and other institutions. As of the date of this brochure, the Firm has approximately 50 clients with sub accounts under management totaling approximately \$400 million. Pursuant to the Agreement between IIFL and its clients, IIFL is authorized to invest on behalf of its clients. Additionally, upon the client's request, IIFL may register securities in the name of IIFL Inc. on behalf of its clients, however IIFL does not have discretionary authority. Pursuant to SEBI Regulations, 1995, Section 13A, the FII License holder is responsible and liable for all acts of commission and omission of all of its clients.

Advisory Services. IIFL also provides investment advice to its clients on investments in South East Asian markets, with a focus on India, Singapore, China and Sri Lanka. IIFL's clients are all institutions, which are predominately comprised of hedge funds, investment managers and banks. Due to the nature of IIFL's clients and IIFL's reputation in the market, IIFL's clients reach out to IIFL for specific investment advice and IIFL responds accordingly. For example, a client may call IIFL requesting investment advice with respect to a specific market sector in India. IIFL will gather research materials, analyze the materials and provide the requesting client with investment advice.

IIFL does not participate in wrap fee programs.

## Item 5 Fees and Compensation

For the FII Services, clients must first open a sub-account with the Firm. Pursuant to the Agreement discussed in Item 4, clients will be charged on a transactional basis. For Advisory Services, IIFL does not have a set fee schedule. Instead, IIFL and its clients mutually agree on a fee, typically after the client discloses to IIFL the investment services it is seeking. Fees are determined on a case by case basis that is largely dependent on the nature and complexity of the client's request. For example, if a client requests investment advice on a sector or company that has very little research coverage and information, IIFL will have to expend more time and resources, resulting in a higher fee for the client. Alternatively, if a client requests investment advice on a sector or company that has wide coverage and available information, IIFL will have to expend less time and resources, resulting in a lower fee for the client.

IIFL's fee is payable upon completion of its services. For advisory services, IIFL's fee is due and payable regardless of whether or not the client executes the investment advice provided by IIFL. IIFL does not typically provide refunds for its services. For its FII Services, as stated above, IIFL receives transaction based compensation.

As disclosed in Item 10, IIFL is also a registered broker-dealer with FINRA. In IIFL's broker-dealer capacity, Ranganathan Purushothaman, IIFL's President and Chief Compliance Officer is a registered principal with FINRA. Therefore, IIFL also accepts compensation for the sale of securities. Brokerage commissions, dealer spreads and other costs associated with the purchase or sale of securities, custodial fees, interest, taxes and other account expenses are the responsibility of client.

Due to the nature of IIFL's investment advisory services and its broker-dealer services, conflicts of interest may arise in limited circumstances. In such cases where a conflict may arise, IIFL will consult its Code of Ethics and Written Supervisory Procedures.

Despite being duly registered as a broker dealer and investment adviser, IIFL does not anticipate that many conflicts of interest, if any, will arise largely due to the following factors: (1) IIFL's advisory clients are typically investment managers who have the sole authority to determine whether or not to implement IIFL's investment advice, (2) IIFL's investment advice is provided to its clients as requested by the client (i.e. IIFL does not solicit its clients), and (3) IIFL's investment advisory clients are not required to engage IIFL to buy or sell any recommended products, rather the investment advisory client is free to engage any other broker, including non-affiliated firms, to buy or sell investment products. The revenue received from IIFL's investment advisory client's are not based on commissions or markups, and are solely based on mutually agreed upon fees as described in the first paragraph of this Item 5.

Item 6      Performance-Based Fees and Side-By-Side Management

Not Applicable.

Item 7      Types of Clients

As described in Item 4, IIFL's clients consist of all institutions, which are primarily ETFs, hedge funds, investment managers and banks.

Item 8      Methods of Analysis, Investment Strategies and Risk of Loss

As described in Item 4, IIFL is parent of the larger Indian Infoline umbrella, which is widely known for its research materials. IIFL analyzes the research materials produced by its affiliates in determining its investment advice. When analyzing specific companies, IIFL utilizes both fundamental and technical analysis methods. A fundamental analysis focuses on the analysis of individual companies and their industry groups and is typically done with a long-term focus. In conducting a fundamental analysis, the IIFL will review financial statements, public filings (if any), details regarding a company's product line, the experience and expertise of the company's management, and the outlook for the company's industry.

Using a fundamental analysis has the advantage of giving you an idea of what a company's future prospects are likely to be, however, using a fundamental analysis exclusively can create risks in entry and exist points (i.e. if information is received too late, you might end up buying a stock too late). A technical analysis uses indexes, averages, price trends, historical data and other information to attempt to prediction the direction of both the overall market and specific stocks. The risk associated with using a technical analysis exclusively is that it does not consider the value of the underlying company itself.

The investment strategy used depends on the goals of each particular client. Every security has its own corresponding risk of loss. Since IIFL focuses on the South East Asian markets, which are foreign markets, investing in these markets carry with them, risk associated with the different cultural and language barriers, customs and business practices, rules and regulations and other matters. In addition, since IIFL focuses on India, China, Singapore and Sri Lanka, these countries are typically considered in the "emerging markets" and therefore, carry additional risks that are not traditionally present in more robust markets. Emerging markets are often viewed as carrying a large degree of volatility, which are associated with certain increases risks including: political and social instability including human rights and labor issues, economic stability, currency fluctuations, lack of transparency, corruption and liquidity risk.

Whether in U.S. markets or foreign markets, investing in securities involves a risk of loss. Prior to making such investment, clients should understand and be prepared to bear the risk of loss. IIFL is uniquely positioned, as a part of the India Infoline umbrella, in that it has in depth and access to extensive information and knowledge of these markets.



Item 9      Disciplinary Information

None.

Item 10      Other Financial Industry Activities and Affiliations

The Firm is also a member of FINRA. According to its membership with FINRA, IIFL is currently permitted to engaged as a private placement broker dealer. In addition, the Parent of the Firm is a registered broker dealer with SEBI. Pursuant to the Firm's FINRA registration, the Parent and IIFL are parties to an Expense Sharing Agreement whereby the Parent has agreed to pay for IIFL's expenses and to fund IIFL in the event that its net capital falls below its net capital requirement.

The Firm's President, Mr. Purushothaman splits his time equally between IIFL's broker dealer services and investment advisory services. Due to the nature of the services IIFL provides to its investment advisory clients as further described in Item 4 and that IIFL is currently only a private placement broker dealer, the Firm does not foresee any conflicts of interest at this time.

Item 11 Code of Ethics, Participation or Interest in *Client* Transactions and Personal Trading

Due to the size of the Parent, in certain instances, it is possible that IIFL will recommend to its client an investment product in which its Parent or affiliates may have a financial interest or may make a recommendation in the Parent itself. The Parent, which is listed on the National Stock Exchange of India, the Bombay Stock Exchange of India and Bloomberg as "IIFL" – is one of the largest brokerage firms in India and as such has many subsidiaries. Therefore, if a client of the Firm is looking to make investments in financial institutions in India, IIFL may recommend purchasing or selling the Parent company's stock in its investment recommendation.

Due to the potential conflict of interest that may arise, IIFL will, among other things, disclose to its clients, its relationship with the Parent entity to its clients. In addition, IIFL maintains a Code of Ethics (the "Code"), which is available upon request. The Code serves to instruct all employees, officers, directors of IIFL in their ethical obligations and to provide rules for their personal securities transactions. All such powers owe a fiduciary duty to IIFL's clients. A fiduciary duty means a duty of loyalty, fairness and good faith towards IIFL's clients, and the obligation adhere not only to specific provisions of the Code but to the general principals that guide the Code. The Code is intended to govern the actions and working relationships of employees with current or potential customers, consumers, other IIFL employees, competitors, suppliers, government representatives, the media, and anyone else with whom IIFL has contact. In these relationships, IIFL requires that its employees observe the highest standards of ethical conduct. IIFL expects each of its employees to place its customers' interest above his or her own self-interest and to discuss with IIFL's compliance department any proposed transaction or relationship that reasonably could be expected to give rise to a conflict of interest. Employees must resolve any doubt as to the meaning of the Code in favor of good, ethical judgment.

Item 12      Brokerage Practices

Due to the nature of the Firm's business and the type of clients the Firm has as described in Item 4, the Firm does not typically get involved with a client's broker dealer or custodian. This decision of what broker-dealer to utilize is the decision of the client and generally, the Firm's clients have their own broker-dealer that may effectuate the trade or existing relationships with other broker-dealers.

Item 13      Review of Accounts

The custodian holding the client's funds and securities will provide the client with statements on a daily basis. The Firm's Chief Compliance Officer will review these statements on a daily basis.

Item 14      Client Referrals and Other Compensation

Not Applicable.

Item 15      Custody

The custodian will deliver daily statements to our clients. As stated in Item 13, these account statements will be reviewed on a daily basis by the Firm's Chief Compliance Officer. Clients should carefully review such statements and any discrepancies should be reported to the Firm.

Item 16 Investment Discretion

The Firm does not accept discretionary authority on behalf of its clients.



Item 17      Voting Client Securities

Not applicable. The Firm does not accept authority to vote client securities. Therefore, all proxies will be sent directly to the client. Should you have any questions regarding the foregoing, you may contact the Firm or your advisor.

Item 18 Financial Information

Not Applicable.

Item 19 Requirements for State-Registered Advisors

**Ranganathan Purushothaman (DOB: 3/13/1965) - President and Chief Compliance Officer**

Mr. Purushothaman worked with Color Edge Inc. from April 22, 2002 to May 17, 2005 as Finance Controller. He then worked at Kotak Mahindra Inc. from May 18, 2005 to March 25, 2008 as Associate Vice President of Finance, Operations, and Compliance. Mr. Purushothaman joined IIFL Inc. as Chief Operating Officer and Chief Compliance Officer on March 26, 2008, and became the President in March 2011.

Mr. Purushothaman earned a Bachelors Degree in Commerce from the University of Madras in India in September of 1985. Mr. Purushothaman is an Associate Member of the Institute of Cost and Works Accountants of India, a Chartered Accountant with the Instituted of Chartered Accounts of India, and a Certified Public Accountant with the American Institute of Certified Public Accountants.

The Firm nor any of its management personnel have been involved in any of the events listed below:

- 1) An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,000, involving any of the following:
  - (a) an investment or an investment-related business or activity;
  - (b) fraud, false statement(s), or omissions;
  - (c) theft, embezzlement, or other wrongful taking of property;
  - (d) bribery, forgery, counterfeiting, or extortion; or
  - (e) dishonest, unfair, or unethical practices.
- 2) An award or otherwise being found liable in an a civil, self-regulatory organization or administrative proceeding involving any of the following:
  - (a) an investment or an investment-related business or activity;
  - (b) fraud, false statement(s), or omissions;
  - (c) theft, embezzlement, or other wrongful taking of property;
  - (d) bribery, forgery, counterfeiting, or extortion; or
  - (e) dishonest, unfair, or unethical practices.