



MASTER CIRCULAR

SEBI/HO/IMD/IMD-POD-1/P/CIR/2023/38

March 20, 2023

To,

All Portfolio Managers

Association of Portfolio Managers in India ('APMI')

Sir / Madam,

Subject: Master Circular for Portfolio Managers

- A. For effective regulation of Portfolio Managers, the Securities and Exchange Board of India ("SEBI") has been issuing various circulars from time to time. In order to enable the stakeholders to have an access to all the applicable requirements at one place, the provisions of the said circulars issued till November 30, 2022 are incorporated in this Master Circular for Portfolio Managers.
- B. This Master Circular shall come into force from the date of its issue. The circulars mentioned in [Annexure – Z](#) of this Master Circular shall stand rescinded with the issuance of the Master Circular. With respect to the directions or other guidance issued by SEBI, as specifically applicable to Portfolio Managers, the same shall continue to remain in force in addition to the provisions of any other law for the time being in force. Terms not defined in this Master Circular shall have the same meaning as provided under the relevant Regulations.
- C. Notwithstanding such rescission,
- C.1. anything done or any action taken or purported to have been done or taken under the rescinded circulars, including registrations or approvals granted,

fees collected, registration suspended or cancelled, any inspection or investigation or enquiry or adjudication commenced or show cause notice issued prior to such rescission, shall be deemed to have been done or taken under the corresponding provisions of this Master Circular;

- C.2. any application made to SEBI under the rescinded circulars, prior to such rescission, and pending before it shall be deemed to have been made under the corresponding provisions of this Master Circular;
- C.3. the previous operation of the rescinded circulars or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the rescinded circulars, any penalty, incurred in respect of any violation committed against the rescinded circulars, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty as aforesaid, shall remain unaffected as if the rescinded circulars have never been rescinded;
- D. Pursuant to issuance of this Master Circular, the entities which are required to ensure compliance with various provisions shall submit necessary reports as envisaged in this Master Circular on a periodic/ continuous basis.
- E. Applicability of certain provisions of this Master Circular:
- E.1. The provisions mentioned at paragraphs 2.6 & 2.7 of this Master Circular shall be applicable with effect from April 01, 2023.
- E.2. The provisions mentioned at paragraphs 5.4.3 & 5.4.4 of this Master Circular shall come into effect from the quarter ending September 2023.
- F. This Master Circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

G. This Master Circular is available on the SEBI website at <https://www.sebi.gov.in/> under the category “Legal -> Master Circulars”.

Yours faithfully,
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ABBREVIATIONS

Alternative Investment Fund	AIF
Assets under Management	AUM
Association of Mutual Funds in India	AMFI
AMFI Registration Number	ARN
Bombay Stock Exchange	BSE
Chartered Accountant	CA
Company Secretary	CS
Corporate Bonds	CBs
Dealing Team	DT
Financial Year	FY
Foreign Portfolio Investor	FPI
Know Your Client	KYC
National Company Law Tribunal	NCLT
National Institute of Securities Markets	NISM
One-to-many	OTM
One-to-one	OTO
Portfolio Management Services	PMS
Portfolio Manager	PM
Request for Quote platform of stock exchanges	RFQ
SEBI (Portfolio Managers) Regulations 2020	the PM Regulations
SEBI Complaints Redress System	SCORES
Securities and Exchange Board of India	SEBI
Time Weighted Rate of Return	TWRR

1. REGISTRATION AND POST-REGISTRATION ACTIVITY

1.1. Application procedure for registration as Portfolio Manager¹

1.1.1. All entities desirous to be registered as Portfolio Manager, are required to file an online application on SEBI Intermediary Portal (<https://siportal.sebi.gov.in>)².

1.1.2. An applicant is required to furnish the application in Form A as specified in the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 ("PM Regulations"), to SEBI for registration as a Portfolio Manager. On receipt of 'Form A', SEBI may seek further information for processing the application. Any information sought by SEBI has to be responded in detail and supported by relevant documents.

1.1.3. The information submitted to SEBI at the time of registration, shall be full and complete in all respects, otherwise it may delay processing of the registration application.

1.1.4. Online process for Fresh Registrations and Updation of Information is given in [Annexure 1A](#) of this Master Circular³.

1.2. General Registration Guidelines⁴

¹ SEBI/RPM CIRCULAR NO.2 (2002-2003) dated January 14, 2003

² SEBI/HO/MIRSD/MIRSD1/CIR/P/2017/38 dated May 02, 2017

³ Online Process of Portfolio Manager applications dated September 21, 2010

⁴ RPM circular No.1(93-94) dated October 20, 1993

- 1.2.1. The registration granted to a portfolio manager under Chapter II of the PM Regulations is for the principal office as well as for all the branch offices of the portfolio manager in India.
- 1.2.2. The portfolio manager shall mention its registration number contained in the certificate of registration in all the correspondence with SEBI, other authorities, Stock Exchanges and the clients of the portfolio manager.
- 1.2.3. With a view to ensuring that all Rules, Regulations, Guidelines, Notifications etc. issued by SEBI, the Government of India and other regulatory authorities are complied with, the Portfolio Manager shall designate a senior officer as compliance Officer, who shall co-ordinate with regulatory authorities in various matters and provide necessary guidance as also ensure compliance internally. The Compliance Officer shall *inter alia* ensure that the observations made / the deficiencies pointed out by SEBI in the functioning of the portfolio managers do not recur.
- 1.2.4. Correspondence relating to registration and clarifications on Guidelines / Circulars issued by SEBI shall be made only by the principal office of the portfolio manager and not by any of its branch offices.
- 1.2.5. The portfolio managers shall have a code of conduct as envisaged under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

1.3. Clarification for Same Group Entities⁵

- 1.3.1. SEBI may consider grant of certificate to an applicant, notwithstanding that another entity in the same group has been previously granted registration by SEBI, if the following conditions are fulfilled:

⁵ SEBI RPM CIRCULAR NO.1 (2002-2003) dated September 17, 2002

1.3.1.1. The entities are incorporated as separate legal entities.

1.3.1.2. The entities have independent Board of Directors.

Explanation: Independent Board of Directors for this purpose means that common directors should not be in majority in both the Boards.

1.3.1.3. There is arm's length relationship with reference to their operations.

1.3.1.4. The key personnel and infrastructure are independently available for each entity.

1.3.1.5. Each entity has independent regulatory control and supervisory mechanism.

1.3.2. It is also clarified that whenever as per the above policy, two entities in the same group are granted registration, any action by way of suspension or cancellation of registration taken by SEBI against one entity, may entail action against other entities of the same group, under the Intermediaries Regulations.

Explanation: For the purposes of this Master Circular, two entities are considered to be in the same group if:

1.3.2.1. the same person, by himself or in combination with relatives, directly or indirectly exercises control over both the entities or,

- 1.3.2.2. one is an ‘associate company’ of another and for this purpose, ‘associate company’ shall mean ‘associate company’ as defined under sub-section (6) of section 2 of the Companies Act,2013, or
- 1.3.2.3. where one entity directly or indirectly exercises ‘control’ over the other entity and for this purpose, ‘control’ as defined under the Regulation 2(1)(e) of the PM Regulations shall be referred.

1.4. Co-investment Portfolio Management Services

- 1.4.1. ⁶The Co-investment portfolio management services shall be provided in the following manner:
- 1.4.1.1. A Manager of Category I or Category II Alternative Investment Fund (“AIF”) who is also a SEBI registered Portfolio Manager, and intends to act as Co-investment Portfolio Manager and offer Co-investment services through portfolio management route, shall do so only under prior intimation to SEBI.
- 1.4.1.2. Any other Manager of Category I or Category II AIF, who is not a SEBI registered Portfolio Manager, and intends to act as Co-investment Portfolio Manager and offer Co-investment services through portfolio management route, shall seek registration from SEBI as a Portfolio Manager in terms of the PM Regulations. Pursuant to the grant of registration, if such Portfolio Manager is desirous of offering portfolio management services other than Co-investment, the same shall be subject to compliance with all provisions of the PM Regulations including eligibility criteria, and with the prior approval of SEBI.

⁶ SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/0000000679 dated December 10, 2021

1.5. Procedure for seeking prior approval for change in control of SEBI registered Portfolio Managers^{7 8}

1.5.1. The PM Regulations provides that a Portfolio Manager shall obtain prior approval of SEBI in case of change in control in such manner as may be specified by SEBI. Accordingly, it has been decided that all SEBI registered Portfolio Managers shall comply with the following in case they propose a change in control:

1.5.1.1. An online application shall be made by Portfolio Manager to SEBI for prior approval through the SEBI Intermediary Portal (<https://siportal.sebi.gov.in>).

1.5.1.2. The prior approval granted by SEBI shall be valid for a period of six months from the date of such approval.

1.5.1.3. Applications for fresh registration pursuant to change in control shall be made to SEBI within six months from the date of prior approval.

1.5.1.4. Pursuant to grant of prior approval by SEBI, in order to enable existing investors/ clients to take well informed decision regarding their continuance or otherwise with the changed management, the Portfolio Manager shall inform its existing investors/ clients about the proposed change prior to effecting the same and give an option to exit without any exit load, within a period of not less than 30 calendar days, from the date of such communication.

⁷ SEBI/HO/IMD-I/DOF1/P/CIR/2021/564 dated May 12, 2021

⁸ SEBI/HO/IMD-1/DOF1/P/CIR/2022/77 dated June 02, 2022

1.5.1.5. In matters which involves scheme(s) of arrangement which needs sanction of the National Company Law Tribunal (“NCLT”) in terms of the provisions of the Companies Act, 2013, the Portfolio Managers shall ensure the following:

1.5.1.5.1. The application seeking approval for the proposed change in control under PM Regulations shall be filed with SEBI prior to filing the application with NCLT;

1.5.1.5.2. Upon being satisfied with compliance of the applicable regulatory requirements, in-principle approval shall be granted by SEBI;

1.5.1.5.3. The validity of such in-principle approval shall be three months from the date of such approval, within which the relevant application shall be made to NCLT;

1.5.1.5.4. Within 15 days from the date of order of NCLT, Portfolio Manager shall submit an online application in terms of paragraph 1.5.1.1 of this Master Circular along with the following documents to SEBI for final approval:

- Copy of the NCLT Order approving the scheme;
- Copy of the approved scheme;
- Statement explaining modifications, if any, in the approved scheme vis-à-vis the draft scheme and the reasons for the same; and

- Details of compliance with the conditions/ observations mentioned in the in-principle approval provided by SEBI.

1.5.1.5.5. All other provisions mentioned at paragraphs 1.5.1.2 to 1.5.1.4 of this Master Circular regarding the procedure for seeking prior approval for change in control of Portfolio Managers, shall also apply.

1.6. Format of Net worth calculation⁹

1.6.1. Following format shall be followed by Portfolio Managers for calculation of Net worth:

The statement of networth of based on audited / unaudited accounts as on

	<i>Amount</i>
<i>Paid up equity capital</i>	
<i>Add: Free reserves (excluding reserves created out of revaluation)</i>	
<i>Less: Accumulated losses</i>	
<i>Less: Deferred expenditure not written off (including miscellaneous expenses not written off)</i>	
<i>Less: Minimum Capital Adequacy / networth requirement for any other activity undertaken under other SEBI Regulations.</i>	
<i>Networth</i>	

1.7. Certificate of associated persons in the Securities Markets

1.7.1. For employees of Portfolio Managers¹⁰

⁹ SEBI Circular No. IMD/DOF I/PMS/Cir- 5/2009 dated July 31, 2009

¹⁰ Gazette No. SEBI/LAD-NRO/GN/2021/49 dated September 7, 2021

1.7.1.1. The associated persons functioning as principal officer of a Portfolio Manager or employee(s) of the Portfolio Manager having decision making authority related to fund management, shall obtain certification from the National Institute of Securities Markets by passing the NISM-Series-XXI-B: Portfolio Managers Certification Examination as mentioned in the communiqué No. NISM/ Certification/Series-XXI-B: Portfolio Managers (PM) Certification/2021/01 dated June 15, 2021 issued by the National Institute of Securities Markets.

1.7.1.2. The Portfolio Managers shall ensure that all such associated persons who are principal officers or employees having decision making authority related to fund management as on the date of this notification obtain the certification by passing the NISM-Series-XXI-B: Portfolio Managers Certification Examination within two years from the date¹¹ of the notification:

Provided that a Portfolio Manager, who engages or employs any such associated person who is a principal officer or an employee having decision making authority related to fund management, after the date¹² of the Gazette Notification No. SEBI/LAD-NRO/GN/2021/49, shall ensure that such person obtains certification by passing the NISM-Series-XXI-B: Portfolio Managers Certification Examination within one year from the date of their employment.

¹¹ SEBI Gazette No. SEBI/LAD-NRO/GN/2021/49 dated September 7, 2021

¹² SEBI Gazette No. SEBI/LAD-NRO/GN/2021/49 dated September 7, 2021

1.7.2. For distributors of Portfolio Managers¹³

1.7.2.1. The associated persons, engaged by a Portfolio Manager as a distributor of the Portfolio Management Services, shall obtain certification from the National Institute of Securities Markets by passing the NISM-Series-XXI-A: Portfolio Management Services (PMS) Distributors Certification Examination as mentioned in the communiqué No. NISM/Certification/Series-XXI-A: Portfolio Management Services (PMS) Distributors Certification Examination/2021/01 dated February 16, 2021 issued by the National Institute of Securities Markets.

1.7.2.2. The Portfolio Managers shall ensure that all such associated persons who are distributors of the Portfolio Management Services as on the date¹⁴ of the notification obtain the certification by passing the NISM-Series-XXI-A: Portfolio Management Services (PMS) Distributors Certification Examination within two years from the date of the notification:

Provided that a portfolio manager, who engages or employs any such associated person who is a distributor of the Portfolio Management Services, after the date¹⁵ of the notification, shall ensure that such person obtains certification by passing the NISM-Series-XXI-A: Portfolio Management Services (PMS) Distributors Certification Examination within one year from the date of their employment:

¹³ SEBI Gazette No. SEBI/LAD-NRO/GN/2021/48 dated September 7, 2021

¹⁴ SEBI Gazette No. SEBI/LAD-NRO/GN/2021/48 dated September 7, 2021

¹⁵ SEBI Gazette No. SEBI/LAD-NRO/GN/2021/48 dated September 7, 2021

Provided further that an associated person, who being a distributor of the Portfolio Management Services, has obtained any of the following registration/ certification as on the date of this notification

a) a valid AMFI Registration Number (ARN)

b) NISM Series-V-A exam certification

shall be exempted from the requirement of obtaining certification by passing the NISM-Series-XXI-A: Portfolio Management Services (PMS) Distributors Certification Examination till the validity of the said registration/ certification.

2. OPERATING GUIDELINES

2.1. Guidelines for advertisement by Portfolio Managers¹⁶

2.1.1. SEBI has formulated a Code of Advertisement governing any advertisements issued by the Portfolio Managers in connection with their activities. All Portfolio Managers registered with SEBI are required to strictly observe the Code of Advertisement set out in [Annexure 2A](#) of this Master Circular.

2.2. Maintenance of Clients' Funds in a separate Bank Account by Portfolio Managers¹⁷

2.2.1. The PM Regulations¹⁸ states that *“the portfolio manager shall segregate each client’s funds and portfolio of securities and keep them separately from his own funds and securities and be responsible for safekeeping of clients’ funds and securities.”*

2.2.2. With regard to the above, it is clarified that Portfolio Managers may keep the funds of all clients in a separate bank account maintained by the Portfolio Managers subject to the following conditions:

2.2.2.1. There shall be a clear segregation of each client’s fund through proper and clear maintenance of back office records,

2.2.2.2. Portfolio Managers shall not use the funds of one client for another client,

¹⁶ RPM circular No.1(93-94) dated October 20, 1993

¹⁷ IMD/DOF I/PMS/Cir- 4/2009 dated June 23, 2009

¹⁸ Regulation 24 (14) of the SEBI (Portfolio Managers) Regulations, 2020

2.2.2.3. Portfolio Managers shall also maintain an accounting system containing separate client-wise data for their funds and provide statement to clients for such accounts at least on monthly basis,

2.2.2.4. Portfolio Managers shall reconcile the client-wise funds with the funds in the aforesaid bank account on daily basis.

2.2.3. With respect to investment in short term Liquid Mutual Funds by Portfolio Managers, it is clarified that pending investment of funds, any short term deployment of funds in Liquid Mutual Funds for the purpose of cash management shall be maintained on the lines as per paragraph 2.2.2 of this Master Circular¹⁹.

2.3. Direct on-boarding of clients by Portfolio Managers²⁰

2.3.1. Portfolio Managers shall provide an option to clients to be on-boarded directly, without intermediation of persons engaged in distribution services.

2.3.2. Portfolio Managers shall prominently disclose in its Disclosure Documents, marketing material and on its website, about the option for direct on-boarding.

2.3.3. At the time of on-boarding of clients directly, no charges except statutory charges shall be levied.

¹⁹ Cir. /IMD/DF-1/16/2012 dated July 16, 2012

²⁰ SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020

2.3.4. The above provisions with respect to direct on-boarding of clients shall not be applicable to Co-investment portfolio management services²¹.

2.4. Supervision of Distributors²²

2.4.1. The Portfolio Managers shall:

2.4.1.1. Ensure that any person or entity involved in the distribution of its services is carrying out the distribution activities in compliance with the PM Regulations and circulars issued thereunder from time to time.

2.4.1.2. Pay fees or commission to distributors only on trail-basis. Further, any fees or commission paid shall be only from the fees received by Portfolio Managers.

2.4.1.3. Ensure that prospective clients are informed about the fees or commission to be earned by the distributors for on-boarding them to specific investment approaches.

2.4.1.4. Ensure that distributors abide by the Code of Conduct as specified in [Annexure 2B](#) of this Master Circular.

2.4.1.5. Have mechanism to independently verify the compliance of its distributors with the Code of Conduct.

2.4.1.6. Ensure that, within 15 days from the end of every financial year, a self-certification is also received from distributors with regard to compliance with Code of conduct.

²¹ SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/0000000679 dated December 10, 2021

²² SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020

2.5. Clarification on minimum investment amount by clients and schemes²³

2.5.1. The Portfolio Managers shall ensure the following;

2.5.1.1. To ensure compliance with the PM Regulations, the first single lump-sum investment amount received as funds or securities from clients should not be less than ₹50 Lakh²⁴.

2.5.1.2. Portfolio Managers shall not organize investment portfolios as 'Schemes' akin to Mutual Fund Schemes while marketing their services to clients.

2.6. Written down policies by Portfolio Manager²⁵

2.6.1. Portfolio Managers shall put in place a written down policy ("policy"), in compliance with the PM Regulations and circulars issued thereunder, which inter-alia detail the specific activities, role and responsibilities of various teams engaged in fund management, dealing, compliance, risk management, back-office, etc., with regard to management of client funds and securities including the order placement, execution of order, trade allocation amongst clients and other related matters.

2.6.2. Portfolio Managers shall also put in place a specific policy, in compliance with the PM Regulations and circulars issued thereunder, which shall inter-alia provide for the following:

²³ Cir. /IMD/DF/16/2010 dated November 02, 2010

²⁴ Gazette notification No. LAD-NRO/GN/2011-12/37/3689 read with Regulations 23(2) of SEBI (Portfolio Managers) Regulations, 2020

²⁵ SEBI/HO/IMD/IMD-I DOF1/P/CIR/2022/133 dated September 30, 2022

- 2.6.2.1. Specific situations (not generic) wherein the orders shall be placed for each client individually or pooled from trading account of Portfolio Manager.
- 2.6.2.2. Scenarios / situations in which deviation from the allotment of securities as intended at the time of placement of order would be permissible, if at all.
- 2.6.2.3. Scenarios, wherein, the Portfolio Manager is required to place certain margins / collaterals in order to execute certain transactions, details on how such margins / collaterals shall be segregated / placed from amongst various clients, without affecting the interest of any client.
- 2.6.2.4. Deviations, if any, shall be on account of exigency only and require prior written approval of the Principal Officer and Compliance officer of the Portfolio Manager with a detailed rationale for such deviation.
- 2.6.3. The aforesaid policies as mentioned at paragraphs 2.6.1 & 2.6.2 shall be approved by the Board / equivalent body of the Portfolio Manager.

2.7. Fair and equitable treatment of all clients

- 2.7.1. Portfolio Managers shall ensure that all clients are treated in a fair and equitable manner and ensure compliance with the following:
- 2.7.2. **Requirements with respect to investments in all instruments:**²⁶
- 2.7.2.1. Portfolio Managers shall constitute a dealing team (DT) which shall be responsible for order placement and execution of all orders in accordance with the aforesaid policies of the Portfolio Manager. DT

²⁶ SEBI/HO/IMD/IMD-I DOF1/P/CIR/2022/133 dated September 30, 2022

may include the Principal Officer or the person appointed in terms of Regulation 7(2) (e) of the PM Regulations.

2.7.2.2. Portfolio Managers shall ensure that DT is suitably staffed and comply with the following:

2.7.2.2.1. All conversations of DT shall be only through the dedicated recorded telephone lines or through emails from authorized email ids.

2.7.2.2.2. Mobile phones or any other communication devices other than the recorded telephone lines shall not be allowed inside the dealing room.

2.7.2.2.3. Access to internet facilities on computers and other devices inside the dealing room shall be restricted and shall only be used for activities related to trade execution.

2.7.2.2.4. Entry/access to the dealing room shall be restricted to authorized employees as defined in the aforementioned policies of the Portfolio Manager.

2.7.2.2.5. There shall be no sharing of information through any mode, except for trade execution under the approved policies of the Portfolio Manager.

2.7.3. For equity, equity-related instruments and Mutual Funds units²⁷

²⁷ SEBI/HO/IMD/IMD-I DOF1/P/CIR/2022/133 dated September 30, 2022

- 2.7.3.1. Portfolio Managers with assets under management of INR 1000 crores or more under discretionary and non-discretionary services, shall have in place an automated system with minimal manual intervention for ensuring effective funds and securities management including order management and allocation of securities to each client.
- 2.7.3.2. The aforesaid system shall inter-alia clearly capture details with respect to pre-order placement allocation as well as final allocation of trades to clients along with instances of deviation, if any, as mentioned at paragraph 2.6.2.4 above.
- 2.7.4. Portfolio Managers shall maintain audit trail of all activities related to management of funds and securities of clients including order placement, trade execution and allocation. Further, there shall be time stamping with respect to order placement, order execution and trade allocation.



3. INVESTMENTS BY PORTFOLIO MANAGERS

3.1. Transaction in Corporate Bonds through Request for Quote platform by Portfolio Management Services (PMS)²⁸

3.1.1. In order to enhance transparency pertaining to debt investments by Portfolio Managers in Corporate Bonds (“CBs”) and to increase liquidity on exchange platform, the following shall be followed by Portfolio Managers:

3.1.1.1. On a monthly basis, Portfolio Managers shall undertake at least 10% of their total secondary market trades by value in CBs in that month by placing/seeking quotes through one-to-one (OTO) or one-to-many (OTM) mode on the Request for Quote platform of stock exchanges (RFQ).

3.1.1.2. In order to ensure compliance with the abovementioned 10 percent requirement, Portfolio Managers shall consider the trades executed by value through OTO or OTM mode of RFQ with respect to the total secondary market trades in CBs, during the current month and immediate preceding two months on a rolling basis.

3.1.1.3. All transactions in CBs wherein Portfolio Managers is on both sides of the trade shall be executed through RFQ in OTO mode. However, any transaction entered by Portfolio Managers in CBs in OTM mode which gets executed with another Portfolio Managers, shall be counted in OTM mode.

²⁸ SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/678 dated December 09, 2021

3.1.1.4. Portfolio Managers are permitted to accept the Contract Note from the stock brokers for transactions carried out in OTO and OTM modes of RFQ.

3.1.2. Portfolio Managers shall ensure that at least 10% (by value) of their secondary market trades in CBs in current month and immediate preceding two months are executed by placing / seeking quotes through OTO or OTM mode of RFQ. For example, for the month of May 2022, the secondary market trades executed in CBs in the months of March 2022, April 2022 and May 2022 shall be considered for the purpose of aforesaid calculation.

3.2. Investment in Derivatives²⁹

3.2.1. Portfolio Managers are permitted to invest in derivatives, including transactions for the purpose of hedging and portfolio rebalancing, through recognized stock exchanges.

3.2.2. Portfolio Managers can invest in derivatives on the terms specified in the Portfolio Management Agreement. The Agreement should contain complete details pertaining to the manner and terms of usage of derivative product including quantum of exposure to derivatives (in absolute terms and as a percentage of investments in other securities in the portfolio), type of derivative instruments, purpose of using derivatives, type of derivative position and the exposure thereof, terms of valuing and liquidating derivative contracts in the event of liquidation of portfolio

²⁹ SEBI/RPM CIRCULAR NO.3 (2002-2003) dated February 5, 2003, and for clarification on hedging and portfolio rebalancing, the Portfolio Managers may refer to SEBI Circular No. MFD/CIR/21/25467/2002 dated December 31, 2002.

management scheme, prior permission from investors in the event of any changes in the manner or terms of usage of derivative contracts etc.

3.2.3. The total exposure of the portfolio client in derivatives should not exceed his portfolio funds placed with the Portfolio Manager and the Portfolio Manager should, in essence, invest and not borrow on behalf of his clients.

3.2.4. It may be noted that investment in derivatives shall be only on the terms mutually agreed between the Portfolio Manager and the client through the portfolio management agreement. In the event of the any violation of the terms of the agreement, the Portfolio Manager shall be responsible.

3.2.5. Portfolio Managers are required to provide necessary disclosures in Disclosure Document in terms of the PM Regulations.

3.3. Participation of Portfolio Managers in Commodity Derivatives Market in India³⁰

3.3.1. Portfolio Managers are permitted to participate in Exchange Traded Commodity Derivatives on behalf of their clients.

3.3.2. The participation of Portfolio Managers in the exchange traded commodity derivatives shall be subject to the following:

3.3.2.1. Portfolio Managers shall appoint SEBI registered Custodians before dealing in Exchange Traded Commodity Derivatives.

3.3.2.2. Portfolio Managers may participate in Exchange Traded Commodity Derivatives on behalf of their clients and such participation shall be in compliance with all the rules, regulations including the PM Regulations

³⁰ SEBI/HO/IMD/DF1/CIR/P/2019/066 dated May 22, 2019

and circulars/guidelines and position limit norms as may be applicable to 'clients', issued by SEBI and recognized stock exchanges from time to time.

- 3.3.2.3. Portfolio Managers may participate in Exchange Traded Commodity Derivatives after entering into an agreement with the clients. Portfolio Managers may execute addendums to the agreement with their existing clients, permitting the Portfolio Managers to participate in the Exchange Traded Commodity Derivatives on their behalf.
- 3.3.2.4. Portfolio Managers shall provide adequate disclosures in the Disclosure Document as well as the agreement with the client pertaining to their participation in the Exchange Traded Commodity Derivatives, including but not limited to the risk factors, margin requirements, position limits, prior experience of the Portfolio Manager in Exchange Traded Commodity Derivatives, valuation of goods, etc.
- 3.3.2.5. In case dealing in commodity derivatives lead to delivery of physical goods, there is a possibility that, the Portfolio Manager remains in possession of the physical commodity. In such cases, the goods need to be disposed off at the earliest, within the timelines as agreed upon between the client and the Portfolio Manager. The responsibility of liquidating the physical goods shall be with the Portfolio Manager.
- 3.3.2.6. Since Foreign Portfolio Investors ("FPIs") are allowed to participate in the Exchange Traded Commodity Derivatives market, subject to conditions specified by SEBI; Portfolio Managers shall, while onboarding FPIs as clients and executing transactions in Exchange Traded Commodity Derivatives market, ensure that all conditions specified by SEBI are complied with.

3.3.2.7. Portfolio Managers shall also provide periodic reports to the clients as per the PM Regulations³¹ regarding their exposure in Exchange Traded Commodity Derivatives.

3.3.2.8. Portfolio Managers shall report the exposure in Exchange Traded Commodity Derivatives under the heading of 'Commodity Derivatives' in the monthly reports submitted to SEBI.

3.4. Limits on investment in securities of associates/ related parties of Portfolio Managers³²

3.4.1. Regulation 24 (3A) of the PM Regulations *inter-alia* provides that the Portfolio Manager shall ensure compliance with the prudential limits on investment as may be specified by the Board. Accordingly, the Portfolio Managers shall ensure the following:

3.4.2. Portfolio Manager shall invest up to a maximum of 30 percent of their client's portfolio (as a percentage of the client's assets under management) in the securities of their own associates/related parties. Further, the Portfolio Manager shall ensure compliance with the following limits:

<i>Security</i>	<i>Limit for investment in single associate/related party (as percentage of client's AUM)</i>	<i>Limit for investment across multiple associates/related parties (as percentage of client's AUM)</i>
<i>Equity</i>	15%	25%
<i>Debt and hybrid securities</i>	15%	25%
<i>Equity + Debt + Hybrid securities</i>	30%	

³¹ Regulation 31 of SEBI (Portfolio Managers) Regulations, 2020

³² SEBI Circular No. SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2022/112 dated August 26, 2022

3.4.3. The aforementioned limits shall be applicable only to direct investments by Portfolio Managers in equity and debt/hybrid securities of their own associates/related parties and not to any investments in the Mutual Funds.

3.4.4. Hybrid securities includes units of Real Estate Investment Trusts (REITs), units of Infrastructure Investment Trusts (InvITs), convertible debt securities and other securities of like nature.

3.5. Prior consent of the client regarding investments in the securities of associates/related parties³³

Regulation 22(1A) of the PM Regulations provides that the Portfolio Manager may make investments in the securities of its related parties or its associates only after obtaining the prior consent of the client in such manner as may be specified by the Board from time to time. Accordingly, the Portfolio Managers shall ensure compliance with the following:

3.5.1. Portfolio Managers shall obtain a one-time prior positive consent of client in the format specified at [Annexure 3A](#) (consent form), as a part of the agreement mandated under Regulation 22(1) of the PM Regulations.

3.5.2. The consent form shall have an option to indicate dissent, in case the client does not want to undertake any investment in the securities of associates/related parties of respective Portfolio Manager. The client shall also have an option to specify a limit on investments in the securities of associates/related parties of respective Portfolio Manager, below the ceiling specified in paragraph 3.4.2 above.

³³ SEBI Circular No. SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2022/112 dated August 26, 2022

- 3.5.3. The text and figures of the consent form shall be prominently highlighted and not be below size 12 font.
- 3.5.4. For new clients, the aforementioned consent shall be obtained at the time of entering into agreement, in terms of Regulation 22 (1) of the PM Regulations (i.e., at the time of onboarding of a new client).
- 3.5.5. For existing clients, the aforementioned consent shall be obtained by way of execution of a supplementary agreement with the clients. In cases where the agreements entered with existing clients contain provision for obtaining consent for investments through a specified mode, the same mode can be used for obtaining aforesaid prior consent for investments in the securities of associates/related parties of the Portfolio Manager as well.
- 3.5.6. Portfolio Manager shall not make any investments in the securities of associates/related parties without the prior consent of the client at the time of on boarding new clients. For existing clients, fresh investments in the securities of associates/related parties of Portfolio Managers can be made only after obtaining consent from the client.
- 3.5.7. In the event of passive breach of the specified investment limits, (i.e., occurrence of instances not arising out of omission and/or commission of portfolio manager), a rebalancing of the portfolio shall be completed by Portfolio Managers within a period of 90 days from the date of such breach. Notwithstanding the same, the client may give an informed, prior positive consent to the Portfolio Manager for waiver from the rebalancing of the portfolio to rectify any passive breach of the investment limits.
- 3.5.8. Such requirement of rebalancing in the event of a passive breach of investment limits shall be suitably disclosed in the consent form mentioned

at paragraph 3.5.2 above and any waiver from the same shall also be obtained in the same document.

3.5.9. In accordance with Regulation 27 (1) of the PM Regulations, Portfolio Managers shall maintain records and documents pertaining to:

- a) Prior positive consent or dissent, as the case may be.
- b) Instances of the passive breach of investment limits, if any.
- c) Steps taken, if any to rectify the passive breach of investments limits.
- d) Waiver obtained from the client regarding rebalancing in the event of a passive breach of investment limits.

3.6. Minimum credit rating of securities for investments by Portfolio Managers³⁴

3.6.1. Regulation 24 (3C) of the PM Regulations provides that Portfolio Managers shall not be allowed to invest clients' funds in unrated securities of their related parties or their associates. Further, Regulation 24 (3E) of the PM Regulations provides that the Portfolio Manager shall ensure investment of its clients' funds on the basis of the credit rating of securities as may be specified by the Board. Accordingly, with respect to investments in debt and hybrid securities, the Portfolio Managers shall ensure compliance with the following:

3.6.2. Portfolio Managers offering discretionary portfolio management services shall not make any investment in below investment grade securities.

³⁴ SEBI Circular No. SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2022/112 dated August 26, 2022

3.6.3. Portfolio Managers offering non-discretionary portfolio management services shall not make any investment in below investment grade listed securities. However, Portfolio Manager may invest up to 10% of the assets under management of such clients in unlisted unrated securities of issuers other than associates/related parties of Portfolio Manager. The said investment in unlisted unrated debt and hybrid securities shall be within the maximum specified limit of 25% for investment in unlisted securities under Regulation 24(4) of the PM Regulations.

3.7. Applicability of above provisions:³⁵

3.7.1. The requirements as specified at paragraphs 3.4, 3.5 & 3.6 above and in Regulations 22 (1A), 22(4) (da) & (db), 24 (3A) to 3(E) of the PM Regulations shall not be applicable for advisory portfolio management services, co-investment portfolio management services and for client categories who in turn manage funds under government mandates and/or are governed under specific Acts of State and/or Parliament.

3.7.2. Notwithstanding the above, for advisory portfolio management services, Portfolio Managers shall make suitable disclosure to the client regarding conflict of interest with respect to investments in the securities of the associates/related parties, while giving advice. The term “associate” for this purpose shall have the same meaning as defined under explanation to Regulation 24 (3C) of the PM Regulations. Further, Portfolio Managers shall disclose the credit rating of all securities, while giving advice.

³⁵ SEBI Circular No. SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2022/112 dated August 26, 2022



4. DISCLOSURE REQUIREMENTS

4.1. Material change in Disclosure Document³⁶

4.1.1. Material change, for the purpose of the PM Regulations³⁷, shall include change in control of the Portfolio Manager, Principal Officer, fees charged, charges associated with the services offered, investment approaches offered (along with the impact of such change) and such other changes as specified by SEBI from time to time.

4.2. Clause in Disclosure Document/ Client agreement/ Power of attorney³⁸

4.2.1. It has come to the notice of SEBI while perusing disclosure documents/ agreements/ Power of Attorney entered into by the Portfolio Managers with the clients that many Portfolio Managers are using the following clause or a similar clause.

'The portfolio managers' decision in deployment of the Clients' account is absolute and final and can never be called in question or be open to review at any time during currency of the agreement or any time thereafter.'

4.2.2. It is felt that every client should have the prerogative to question the decision of portfolio manager and the exercise of discretion by him.

4.2.3. Therefore, it is advised that Portfolio Managers who have incorporated the said clause or similar clause shall modify it as below:-

'The portfolio managers' decision (taken in good faith) in deployment of the Clients' account is absolute and final and cannot be called in question or be

³⁶ SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020

³⁷ Regulation 22 (7) of the SEBI (Portfolio Managers) Regulations, 2020

³⁸ SEBI/IMD/CIR No.1/ 70353 /2006 dated June 28, 2006

open to review at time during the currency of the agreement or any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence.

4.3. Disclosure of fees and charges³⁹

4.3.1. To ensure transparency and adequate disclosure regarding fees and charges, the client agreement shall contain a separate annexure which shall list all fees and charges payable to the portfolio manager. The said annexure shall contain details of levy of all applicable charges on a sample portfolio of Rs.50 lacs⁴⁰ over a period of one year. The fees and charges shall be shown for 3 scenarios viz. when the portfolio value increases by 20%, decreases by 20% or remains unchanged. An illustration of the same is enclosed as [Annexure 4A](#) of this Master Circular.

4.3.2. All text and figures in the annexure on fees and charges shall be at least in size 11 font.

4.3.3. New clients shall be required to separately sign the annexure on fees and charges and add in their own handwriting that they have understood the fees/ charges structure.

4.4. Publishing of Investor Charter by Portfolio Managers on their websites⁴¹

4.4.1. With a view to enhancing awareness of investors about the various activities which an investor deals with while availing the services provided

³⁹ SEBI Cir. /IMD/DF/13/2010 dated October 5, 2010

⁴⁰ Clause 3 (v) of SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020

⁴¹ SEBI/HO/IMD/IMD-II_DOF7/P/CIR/2021/681 dated December 10, 2021

by portfolio managers, an investor charter has been prepared by SEBI, which is enclosed as [Annexure 4B](#) of this Master Circular.

4.4.2. The investor charter is a document in an easy to understand language. It details different services provided by the Portfolio Managers to the investors along with estimated timelines, like account opening, agreement with the portfolio manager, periodic statements to the investors, investor grievance redressal mechanism, responsibilities of investors etc. at one single place for ease of reference. All registered Portfolio Managers are advised to bring to the notice of their clients the Investor Charter by prominently displaying on their websites.

4.5. Reporting of Performance by Portfolio Managers

4.5.1. To ensure compliance with the PM Regulations⁴², Portfolio Managers shall disclose the performance of portfolios grouped by investment category for the past three years as per [Annexure 4C](#) of this Master Circular⁴³.

4.5.2. Performance Benchmark reporting to clients⁴⁴ :

4.5.2.1. All portfolio managers are required to disclose the performance of their portfolios to their clients, including disclosure of the performance indicators calculated on the basis of 'time weighted rate of return'⁴⁵ method taking each individual category of investments for the immediately preceding three years in case of discretionary portfolio managers. In order to make the investors fully aware about how their funds have been deployed and also to give them an objective analysis

⁴² Regulation 22(4)(e) & Regulation 22(6) of SEBI (Portfolio Managers) Regulations, 2020

⁴³ Cir. /IMD/DF/16/2010 dated November 02, 2010

⁴⁴ IMD/PMS/CIR/1/21727/03 dated November 18, 2003

⁴⁵ Regulation 22(4)(e) of the SEBI (Portfolio Managers) Regulations, 2020

of the performance of the portfolios being managed by the portfolio managers on discretionary basis in comparison with the rise or fall in the markets, portfolio managers shall disclose the performance of benchmark indices in the periodical reports to be furnished to the client in terms of the PM Regulations⁴⁶.

4.5.2.2. The portfolio managers may select any of the indices available, e.g. BSE (Sensitive) index, S&P CNX Nifty, BSE 100, BSE 200 or S&P CNX 500, depending on the investment objective and portfolio of the client. These benchmark indices may be decided by the portfolio managers and any change at a later date shall be recorded and justified with specific reasons thereof.

4.5.2.3. As the purpose of introducing benchmarks is to indicate the performance of the portfolios vis-à-vis markets to the investors, the portfolio managers may give performance of more than one index if they so desire. Also, they have the option to give their management perception on the performance of their schemes.

4.5.2.4. The Boards of portfolio managers may review the performance of the funds managed by them for each client separately in their meetings and should take corrective action wherever necessary. They may also compare the performance of the portfolios with benchmarks.

4.5.3. In relation to performance of the portfolio manager, it is also clarified that the Portfolio Managers shall:⁴⁷

⁴⁶ Regulation 31 of the SEBI (Portfolio Managers) Regulations, 2020

⁴⁷ SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020

- 4.5.3.1. Consider all cash holdings and investments in liquid funds, for calculation of performance.
- 4.5.3.2. Report performance data net of all fees and all expenses (including taxes).
- 4.5.3.3. Clearly disclose any change in investment approach that may impact the performance of client portfolio, in the marketing material.
- 4.5.3.4. Ensure that performance reported in all marketing material and website of the Portfolio Manager is the same as that reported to SEBI.
- 4.5.3.5. Ensure that the aggregate performance of the Portfolio Manager (firm-level performance) reported in any document shall be same as the combined performance of all the portfolios managed by the Portfolio Manager.
- 4.5.3.6. Provide a disclaimer in all marketing material that the performance related information provided therein is not verified by SEBI.

4.6. Nomenclature ‘Investment Approach’⁴⁸

- 4.6.1. The information about Investment Approaches offered by Portfolio Managers, shall be uniform across all types of regulatory reporting, client reporting, disclosure document, marketing materials and any such document which refer to services offered by Portfolio Managers.
- 4.6.2. Any description of investment approach provided by Portfolio Managers shall, *inter alia*, include:

⁴⁸ SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020

- 4.6.2.1. investment objective
- 4.6.2.2. description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.
- 4.6.2.3. basis of selection of such types of securities as part of the investment approach
- 4.6.2.4. allocation of portfolio across types of securities
- 4.6.2.5. appropriate benchmark to compare performance and basis for choice of benchmark
- 4.6.2.6. indicative tenure or investment horizon
- 4.6.2.7. risks associated with the investment approach
- 4.6.2.8. other salient features, if any.

4.7. Disclosure of details of related party investments by Portfolio Managers

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- 4.7.1. Regulations 22 (4) (da) & (db) of the PM Regulations provides that the Portfolio Manager shall disclose in the Disclosure Document the details of its diversification policy and the details of investment of clients' funds by the Portfolio Manager in the securities of its related parties or associates. Accordingly, the Portfolio Manager shall ensure compliance with the following:
- 4.7.2. Disclosure of the details of investment of clients' funds in the securities of associate/related parties in the Disclosure Document under the head "Details of investments in the securities of related parties of the Portfolio Manager", in the following format:

⁴⁹ SEBI Circular No. SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2022/112 dated August 26, 2022

Investments in the securities of associates/related parties of Portfolio Manager:

Sr. No.	Investment Approach, if any	Name of the associate/related party	Investment amount (cost of investment) as on last day of the previous calendar quarter (INR in crores)	Value of investment as on last day of the previous calendar quarter (INR in crores)	percentage of total AUM as on last day of the previous calendar quarter

4.7.3. Portfolio Managers shall ensure that any material changes in the above information is updated in the Disclosure Document and uploaded on their respective websites within 7 days.

5. REPORTING REQUIREMENTS

5.1. Submission of monthly report by Portfolio Managers

5.1.1. ⁵⁰All Registered Portfolio Managers are required to submit monthly report regarding their portfolio management activity as per the format enclosed as [Annexure 5A](#)⁵¹ of this Master Circular.

5.1.2. All Registered Portfolio Managers shall upload the report on SEBI Intermediaries Portal within 7 working days of the end of each month⁵² and there is no requirement of sending hard copy of the said report to SEBI.

5.1.3. In the said report data pertaining to Assets under Management (“AUM”) of the portfolio manager as on the last calendar day of each month shall be indicated in Rupees in crores.

5.1.4. Procedure to upload monthly report on portal is as follows:

5.1.4.1. Log on to SEBI Portal at <https://siportal.sebi.gov.in> using the Username and Password provided at the time of Registration/ Renewal as a portfolio manager.

5.1.4.2. Select the portfolio manager tab

5.1.4.3. Select the link: PM Monthly Report

5.1.4.4. Fill the data in the format provided

5.1.4.5. Save the data and then Submit

⁵⁰ SEBI/IMD/PMS/CIR-3/2009 dated June 11, 2009

⁵¹ Revised format as per SEBI circular SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/0000000679 dated December 10, 2021 to include details of Co-investment Portfolio Management services offered by Portfolio Manager

⁵² SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020

5.1.5. In terms of the PM Regulations⁵³, Compliance Officer of the portfolio managers shall also be responsible for ensuring compliance with this Master Circular.

5.2. Submission of compliance reports by Portfolio Manager⁵⁴

5.2.1. With effect from Financial Year 2019-20, Portfolio Managers are required to submit the following information to SEBI:⁵⁵

5.2.1.1. A certificate from the qualified Chartered Accountant certifying the net-worth as on March 31, every year based on audited account within 6 months from the end of Financial Year.

5.2.1.2. A certificate of compliance with PM Regulations and circulars issued thereunder, duly signed by the Principal Officer, within 60 days of end of each financial year. Further, details of non-compliance along with the corrective actions, if any, duly approved by Board of the Portfolio Manager.

5.2.2. Submission of Corporate Governance Report:

5.2.2.1. Boards of the Portfolio Managers should review the compliance of regulations in their periodical meetings. They should develop a system of getting quarterly reports of compliance of SEBI Regulations and Guidelines and also that due diligence has been exercised by their officials in their operations and that the interests of investors are protected. Such reports may be placed before the Boards of the

⁵³ Regulation 34 of the SEBI (Portfolio Managers) Regulation, 2020

⁵⁴ IMD/PMS/CIR/1/21727/03 dated November 18, 2003

⁵⁵ SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020

Portfolio Managers by the compliance officers. Boards of the Portfolio Managers should also review redressal of investors' grievances. Any deficiency letters or warning letters issued to the Portfolio Managers by SEBI should also be placed before the Boards of the Portfolio Managers.

5.2.2.2. There shall be internal audit by a practicing Chartered Accountant ("CA") or Company Secretary ("CS") so as to judge the quality of internal procedures being followed by the Portfolio Manager. The report of the internal audit shall be submitted to the Board of the Portfolio Manager.

5.2.2.3. Portfolio Managers shall exercise due diligence in all their operational activities.

5.2.2.4. Portfolio Managers shall report to SEBI on compliance with the provisions of the above guidelines while submitting the annual reports. The report should reach SEBI within thirty days from the end of the financial year.

5.2.3. Failure to submit reports as mentioned in this master circular shall constitute a default and render the Portfolio Managers liable for action under the Intermediaries Regulations.

5.3. Firm-level performance reporting by Portfolio Managers⁵⁶

5.3.1. The firm-level performance data of Portfolio Managers shall be audited annually. Confirmation of compliance with paragraph 4.5.3 of this Master Circular shall be reported to SEBI within sixty days of end of each financial

⁵⁶ SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020

year. The said report to SEBI shall be certified by the Directors/Partners of the Portfolio Manager or by person(s) authorized by the Board of Directors/Partners of the Portfolio Manager.

5.4. Offsite Inspection data reporting to SEBI

5.4.1. As a part of off-site inspection and surveillance of Portfolio Managers and to monitor the compliance of the PM Regulations and circulars issued therein, SEBI has framed the data structure and all the Portfolio Managers are required to furnish the data to SEBI under the following heads/reporting formats:

S. No.	Table Name
1	PM Master
2	Client Master
3	Client Folio Master
4	Client Folio AUM
5	Client Capital Transactions
6	PMS Pool Demat Account Holding
7	Client Holding Master
8	PM Level Expense
9	Client Expense Master

5.4.2. The data to be submitted by Portfolio Managers in the aforementioned reporting formats is prescribed in [Annexure 5B](#).

5.4.3. Portfolio Managers shall submit data as per the specified formats for all its clients on quarterly basis within 10 days from end of the quarter. Day-wise data shall be furnished for table headings: “Client Folio AUM”, “PM Pool Demat Account Holding” and “Client Holding Master”.

5.4.4. In their first time reporting, Portfolio Managers shall submit data for all their clients from April 01, 2020 to September 30, 2023.

5.4.5. Details of the requirements prescribed under various clauses of this Master Circular that are covered through the reporting formats, as mentioned in the paragraph 5.4.1 above, are specified in [Annexure 5C](#).

5.5. Reporting to clients by Portfolio Managers

5.5.1. Portfolio Managers shall furnish a report in the format provided at [Annexure 5D](#)⁵⁷ of this Master Circular, to their clients on a quarterly basis⁵⁸ which inter-alia includes the following⁵⁹:

5.5.1.1. Details of investment of client's funds in the securities of associates/related parties of the Portfolio Manager.

5.5.1.2. Details of instances of passive breach of investment limits, if any, and steps taken to rectify the same.

5.5.1.3. Details of credit ratings of investments in debt and hybrid securities.

⁵⁷ Revised format as per SEBI circular SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/0000000679 dated December 10, 2021 to include details of Co-investment Portfolio Management services offered by Portfolio Manager

⁵⁸ SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020

⁵⁹ SEBI Circular No. SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2022/112 dated August 26, 2022

6. FEES AND CHARGES

6.1. Regulation of Fees and Charges

6.1.1. The inter se relationship between the portfolio manager and client, mutual rights, liabilities and obligations relating to management of funds or portfolio of securities are required to be specified in the agreement signed between the portfolio manager and the client. The contents of the portfolio manager-client agreement are laid out in the PM Regulations⁶⁰.

6.1.2. In order to bring about greater uniformity, clarity and transparency with regard to fees and charges, portfolio managers are advised to take the following measures in respect of all client agreements:

6.1.3. Fees and Charges^{61 62}

6.1.3.1. As provided in the PM Regulations⁶³, no upfront fees shall be charged by the Portfolio Managers, either directly or indirectly, to the clients⁶⁴.

6.1.3.2. Brokerage at actuals shall be charged to clients as expense.

6.1.3.3. Operating expenses excluding brokerage, over and above the fees charged for Portfolio Management Service, shall not exceed 0.50% per annum of the client's average daily AUM.

6.1.3.4. Charges for all transactions in a financial year (Broking, Demat, custody etc.) through self or associates shall be capped at 20% by value per associate (including self) per service. Any charges to

⁶⁰ Regulation 22 read with Schedule IV of the SEBI (Portfolio Managers) Regulations, 2020

⁶¹ SEBI Cir. /IMD/DF/13/2010 dated October 5, 2010

⁶² SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020

⁶³ Regulation 22 (11) of the SEBI (Portfolio Managers) Regulations, 2020

⁶⁴ SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020

self/associate shall not be at rates more than that paid to the non-associates providing the same service.

6.1.3.5. The provisions with respect to fees and charges shall not be applicable to Co-investment services⁶⁵.

6.1.3.6. Profit/ performance shall be computed on the basis of high water mark principle over the life of the investment, for charging of performance / profit sharing fee.

High Water Mark Principle: High Water Mark shall be the highest value that the portfolio/account has reached. Value of the portfolio for computation of high watermark shall be taken to be the value on the date when performance fees are charged. For the purpose of charging performance fee, the frequency shall not be less than quarterly. The portfolio manager shall charge performance based fee only on increase in portfolio value in excess of the previously achieved high water mark.

Illustration: Consider that frequency of charging of performance fees is annual. A client's initial contribution is ₹50,00,000, which then rises to ₹60,00,000 in its first year; a performance fee/ profit sharing would be payable on the ₹10,00,000 return. In the next year the portfolio value drops to ₹55,00,000 hence no performance fee would be payable. If in the third year the Portfolio rises to ₹65,00,000, a performance fee/profit sharing would be payable only on the ₹5,00,000 profit which is portfolio value in excess of the previously achieved high

⁶⁵ SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/0000000679 dated December 10, 2021

water mark of ₹60,00,000, rather than on the full return during that year from ₹55,00,000 to ₹65,00,000.

6.1.3.7. All fees and charges shall be levied on the actual amount of clients' assets under management.

6.1.3.8. High Water Mark shall be applicable for discretionary and non-discretionary services and not for advisory services.

6.1.3.9. In case of interim contributions/ withdrawals by clients, performance fees may be charged after appropriately adjusting the high water mark on proportionate basis.

6.1.4. Exit Load:⁶⁶

6.1.4.1. In case client portfolio is redeemed in part or full, the exit load charged shall be as under:

6.1.4.1.1. In the first year of investment, maximum of 3% of the amount redeemed.

6.1.4.1.2. In the second year of investment, maximum of 2% of the amount redeemed.

6.1.4.1.3. In the third year of investment, maximum of 1% of the amount redeemed.

6.1.4.1.4. After a period of three years from the date of investment, no exit load.

⁶⁶ SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020

6.1.4.2. The provisions with respect to exit load as specified at paragraph 6.1.4.1 shall not be applicable to Co-investment services⁶⁷.

6.1.5. In case of large value accredited investors, the quantum and manner of exit load applicable to the client of the Portfolio Manager shall be governed through bilaterally negotiated contractual terms and the provisions of paragraph 6.1.4 of this Master Circular shall not be applicable⁶⁸.

6.1.5.1. “Accredited Investor” shall have the same meaning as assigned to it under clause (ab) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.

6.1.6. **Maximum Liability**⁶⁹

6.1.6.1. The PM Regulations⁷⁰ provide that the agreement between the portfolio manager and the client shall, inter alia, contain, in case of a discretionary portfolio manager, a condition that the liability of a client shall not exceed his investment with the portfolio manager.

6.1.6.2. Portfolio managers shall strictly comply with the aforesaid Regulation.

⁶⁷ SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/0000000679 dated December 10, 2021

⁶⁸ SEBI/HO/IMD/IMD-I DOF1/P/CIR/2021/693 dated December 21, 2021

⁶⁹ SEBI Cir. /IMD/DF/13/2010 dated October 5, 2010

⁷⁰ Regulation 22(2)(m) of the SEBI (Portfolio Managers) Regulations, 2020

7. GRIEVANCE REDRESSAL

7.1. Dispute Resolution⁷¹

7.1.1. The PM Regulations⁷² provide for settlement of grievances/disputes and provision for arbitration in the portfolio manager – client agreement.

7.1.2. In case of any dispute regarding fees and charges, the same shall be referred to arbitration for settlement as per the terms of the agreement, under the Arbitration and Conciliation Act, 1996.

7.2. Disclosure of Investor Complaints by Portfolio Managers on their websites⁷³

7.2.1. In order to enhance transparency in the Investor Grievance Redressal Mechanism, all Portfolio Managers on a monthly basis shall disclose on their websites, the data pertaining to all complaints including SCORES complaints received by them in the format mentioned in [Annexure 7A](#) of this Master Circular. The information shall be made available by 07th of the succeeding month.

7.2.2. Further, the Portfolio Managers are advised to display link/option on their websites and mobile apps so as to enable their clients to lodge complaint with them directly. Additionally, link to SEBI Complaints Redress System (“SCORES”) website and the link to download the SCORES mobile app may also be provided by the Portfolio Managers on their websites.

⁷¹ SEBI Cir. /IMD/DF/13/2010 dated October 5, 2010

⁷² Regulation 22 read with clause 18 of Schedule IV of the SEBI (Portfolio Managers) Regulations, 2020

⁷³ SEBI/HO/IMD/IMD-II_DOF7/P/CIR/2021/681 dated December 10, 2021



ANNEXURES

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Annexure 1A: Online Processing of Portfolio Manager Applications

Online Process for Fresh Registration

- a. Log-in ID and Password will be generated on receipt of a fresh application for registration as a Portfolio Manager.
- b. The URL of the SEBI portal, the Log-in ID and Password will be e-mailed to the Compliance Officer or the Principal Officer only.
- c. On receipt of the Log-in ID and Password the applicant should fill up all the details by clicking “Fresh Registration” under the tab “Portfolio Manager” given on the SEBI Intermediary Portal (“SI Portal”).
- d. All instructions on how to fill the details under every tab should be read before filling the online form. The same can be accessed by clicking the “Blue Question Mark” on the top right hand corner of every page.
- e. The details filled under every tab should be saved by clicking on the “Saved Draft” button as soon as a particular tab is completely filled up.
- f. Once all the details are filled up, the applicant should submit the online application form by clicking the “Final Submit” button.
- g. After SEBI approval, the applicant will be required to fill the fee details. The same will be sent through a mail which can be accessed by clicking the link “My Worklist” on the home page of SEBI Intermediary Portal.
- h. Inside the mail, there will be a link “Enter Fee Details” through which the applicant has to enter the fee details and save it.
- i. Once the details relating to fees are entered and saved, it must be adjusted against the outstanding amount as per the instructions given in the “blue question mark” on the top right hand corner of the page.
- j. Once the fees are adjusted, the fee details must be saved and then submitted, by clicking the “Submit” button in the e-mail, to SEBI for final approval.

Online Process for Updation of Information

- a. There can be any change in information that a registered Portfolio Managers can undergo during its operations.
- b. Apart from sending the physical copy of such changes in information to SEBI, the same should be updated on the SEBI Intermediary Portal.
- c. It can be done by clicking “Updation of Registration” under the tab “Portfolio Manager” given on the SEBI Intermediary Portal.
- d. All instructions to fill the details under every tab can be accessed by clicking the “Blue Question Mark” on the top right hand corner of every page.
- e. The details changed under every tab should be saved by clicking on the “Saved Draft” button.
- f. Once the changed details are updated, the applicant should submit the updation form by clicking the “Final Submit” button.
- g. On receipt of the updation form, the online updation shall be approved by SEBI.



Annexure 2A: Guidelines for Advertisements by Registered Portfolio Managers

For the purpose of these guidelines, the expression “advertisement” means notices, brochures, pamphlets, circulars, showcards, catalogues, hoardings, placards, posters, insertions in newspapers, pictures, films, radio / television programmes or through any electronic media”.

1. CODE OF ADVERTISEMENT

1.1. An advertisement shall be truthful, fair and clear and shall not contain any statement, promise or forecast which is untrue or misleading.

1.2. An advertisement shall be considered to be misleading if it contains –

(i) Statements made about the performance or activities of the Portfolio Manager in the absence of necessary explanatory or qualifying statements, which may give an exaggerated picture of the performance or activities of the Portfolio Manager, than what it really is.

(ii) An inaccurate portrayal of the past performance or portrayal in a manner which implies that past gains or income will be repeated in future.

1.3. The advertisement shall not be so designed in content and format or in print as to be likely to be misunderstood, or likely to disguise the significance of any statement. Advertisement shall not contain statements which directly or by implication or by omission mislead the investor.

1.4. The publicity literature should contain only information, the details of which are contained in the Portfolio Managers scheme particulars.

1.5. As the investors may not be sophisticated in legal or financial matters, care should be taken that the advertisement is set forth in a clear, concise and understandable manner. Extensive use of technical or legal terminology or complex language and the inclusion of excessive details which may detract the investors should be avoided.

1.6. The advertisement shall not contain information, the accuracy of which is to any extent dependent on assumptions.

1.7. The advertisement shall not contain any promise or guarantee of assured/fixed return to the investors, either directly or indirectly.

1.8. The advertisement shall not compare one Portfolio Manager with another, implicitly or explicitly, unless the comparison is fair and all information relevant to the comparison is included in the advertisement.

2. OBSERVANCE OF CODE OF ADVERTISEMENT

2.1. Every Portfolio Manager shall strictly observe the Code of Advertisement set out in paragraph 1 given above. Any breach of the Code would be construed as breach of Code of conduct set out in Schedule III to the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020.

Annexure 2B: Code of Conduct for Distributors of Portfolio Management Services

1. The Code of Conduct, as provided hereunder, shall be applicable to all persons involved in the distribution of Portfolio Management Services.
2. All distributors shall:
 - i. Adhere to the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 and circulars issued from time to time related to distributors, distribution, advertising practices of Portfolio Management Services, etc.
 - ii. Maintain high standards of integrity, promptitude and fairness in the conduct of all their business.
 - iii. Act with due skill, care and diligence in the conduct of all their business.
 - iv. Consider investor's interest, risk profiling and suitability to their financial needs while marketing Portfolio Management Services.
 - v. Take necessary steps to ensure that the clients' interest is protected.
 - vi. Ensure that commission or incentive shall never form the basis for recommending Portfolio Management Services.
 - vii. Be fully conversant with the Disclosure Document, Investment Approaches, fees and charges and the terms of agreement to be entered between the client and the Portfolio Manager.
 - viii. Disclose to the clients all material information including the details of distribution commissions for various Investment Approaches.
 - ix. Assist clients in completing Know Your Client ("KYC") and In-Person Verification related procedures.
 - x. Provide full and latest information about investment approaches and also highlight the assumptions made in performance calculations, risk assessments, performance projections etc., if any, for such investment approaches.

- xi. Inform the clients about the risks and level of control over the administration of Portfolio associated with the type of Portfolio Management Services offered (i.e. Discretionary, Non-discretionary or Advisory).
- xii. Abstain from assuring returns in any type of Investment Approach and from any kind of mis-representation.
- xiii. Abstain from attracting clients through unethical means such as offer of rebate/gifts etc.
- xiv. Maintain necessary infrastructure to provide support to clients in timely receipt of disclosure document, statement of portfolio and performance, statement of fees, audit report, etc.
- xv. Maintain confidentiality of clients' details, deals and transactions, which they come to know in their business relationship.
- xvi. Abstain from making negative statements about other Portfolio Managers or Investment Approaches. Make comparisons, if any, only with the similar and comparable products along with complete facts.
- xvii. Not indulge in any manipulative, fraudulent or deceptive practices or spread rumours with a view to make personal gain.
- xviii. Hold valid Certification, as specified by SEBI, at all times.

Annexure 3A: Format of obtaining the consent from the client

1. This document is for obtaining the consent/dissent for investment by Portfolio Manager in its associates/related parties.
2. As per SEBI (Portfolio Managers) Regulations, 2020, the limits applicable for investment in the securities of associates/related parties of Portfolio Manager are as under:

Security	Limit for investment in single associate/related party (as percentage of client's AUM)	Limit for investment across multiple associates/related parties (as percentage of client's AUM)
Equity	15%	25%
Debt and hybrid securities	15%	25%
Equity + Debt + Hybrid securities	30%	

3. The client may choose not to invest in the securities of associates/related parties of the Portfolio Manager. Further, the client may choose a limit lower than the limits prescribed at paragraph 2 above.
4. The risks and conflict of interest associated with investment by the Portfolio Manager in the securities of its associates/related parties are as under:

Risks:

Conflict of Interest:
5. In case the client wants the Portfolio Manager to invest in the securities issued by associated/related parties of Portfolio Manager and provides the consent for the same, the investments shall be subject to the following limits:



Security	Limit for investment in single associate/related party (as percentage of client's AUM)	Limit for investment across multiple associates/related parties (as percentage of client's AUM)
Equity		
Debt and hybrid securities		
Equity + Debt + Hybrid securities		

6. In case of passive breach of investment limits (i.e., occurrence of instances not arising out of omission and/or commission of Portfolio Manager) as decided at paragraph 5 above, a rebalancing of the portfolio is required to be completed by Portfolio Managers within a period of 90 days from the date of such breach. However, the client may give an informed, prior positive consent to the Portfolio Manager for a waiver from the requirement of rebalancing of the portfolio to rectify the passive breach of investment limits. The client may choose not to provide any waiver.

7. Please indicate consent or dissent as under:

Limits on investment

- Consent:** Portfolio Manager **can** invest in the securities of its associates/related parties within the limits agreed upon at paragraph 5 above.
- Dissent:** Portfolio Manager **cannot** invest in the securities of its associates/related parties.



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Waiver from rebalancing of portfolio on passive breach of investment limits

- Consent:** Portfolio Manager **need not** rebalance the portfolio on passive breach of investment limits.
- Dissent:** Portfolio Manager **should** rebalance the portfolio on passive breach of investment limits.

Signature of the client

Annexure 4A: Illustration for Annexure on Fees and Charges⁷⁴

This computation is for illustrative purpose only. Portfolio Managers may suitably modify this to reflect their fees and charges.

The assumptions for the illustration are as follows:

- Size of sample portfolio: ₹50 lacs⁷⁵ over
- Period: 1 year
- Hurdle Rate: 10% of amount invested
- Brokerage/ DP charges/ transaction charges: Weighted Average of such charges (as a percentage of assets under management) levied in the past year/ in case of new portfolio managers indicative charges as a percentage of assets under management (e.g. 2%)
- Management fee (e.g. 2%)
- Performance fee (e.g. 20% of profits over hurdle rate)
- The frequency of calculating all fees is annual.

Portfolio performance: Gain of 20%

Nature of Fees	Amount in ₹	Amount in ₹
Capital Contribution	50,00,000 ⁷⁶	60,00,000
Less: Any other fees (please enumerate)	XX	
Assets under Management	50,00,000	
Add: Profits on investment during the year @ 20% on assets under management	10,00,000	
Gross value of the portfolio at the end of the year		
Less: Brokerage/DP charges/any other similar charges (e.g. 2% of ₹50,00,000)	1,00,000	
Less: Management Fees (if any) (e.g. 2% of ₹50,00,000)	1,00,000	
Less: Performance fees (if any) (e.g 20% of ₹5,00,000 – working given below)	1,00,000 XX	
Less: Any other fees (please enumerate)		
Total charges during the year		

⁷⁴ SEBI Cir. /IMD/DF/13/2010 dated October 5, 2010

⁷⁵ Clause 3 (v) of SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020

⁷⁶ Illustration has been suitably updated to consider minimum investment amount of ₹50 lakh.



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Net value of the portfolio at the end of the year		57,00,000
% change over capital contributed		14.00%

Calculation of Performance Fees for above

Serial	Nature of Fees	Amount in ₹
A	Profit for the year	10,00,000
B	Less: Minimum profit level (Hurdle Rate @10% on ₹50,00,000)	5,00,000
C	Amount on which Profit Sharing Fees to be calculated (B-A)	5,00,000
D	Performance Fees (@20% of C)	1,00,000

Portfolio performance: Loss of 20%

Nature of Fees	Amount in ₹	Amount in ₹
Capital Contribution	50,00,000	40,00,000
Less: Any other fees (please enumerate)	XX	
Assets under Management	50,00,000	
Less: Loss on investment during the year @ 20% on assets under management	10,00,000	
Gross value of the portfolio at the end of the year		
Less: Brokerage/DP charges/any other similar charges (e.g. 2% of ₹50,00,000)	1,00,000	
Less: Management Fees (if any) (e.g. 2% of ₹50,00,000)	1,00,000 XX	
Less: Performance fees (if any)	XX	
Less: Any other fees (please enumerate)		
Total charges during the year		
Net value of the portfolio at the end of the year		38,00,000
% change over capital contributed		(24.00%)

Charges on Portfolio performance: No change

Nature of Fees	Amount in ₹	Amount in ₹
Capital Contribution	50,00,000	
Less: Any other fees (please enumerate)	XX	
Assets under Management	50,00,000	
Add: Profits/Losses on investment during the year @ 0% on assets under management	0	



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Gross value of the portfolio at the end of the year		50,00,000
Less: Brokerage/DP charges/any other similar charges (e.g. 2% of ₹50,00,000)	1,00,000	
Less: Management Fees (if any) (e.g. 2% of ₹50,00,000)	1,00,000	
Less: Performance fees (if any)	0	
Less: Any other fees (please enumerate)	XX	
Total charges during the year		2,00,000
Net value of the portfolio at the end of the year		48,00,000
% change over capital contributed		(4.00%)

Note: The frequency of charging various fees may be specified for every type of fees in the illustration

Annexure 4B: Format of Investor Charter in Respect of Portfolio Management Services

A. Vision and Mission Statements for investors.

Vision:

To implement diligently researched customised investment strategies which help investors meet their long-term financial goals in a risk appropriate manner.

Mission:

To ensure that the Portfolio Management Services industry provides a viable investment avenue for wealth creation by adopting high levels of skill, integrity, transparency and accountability.

B. Details of business transacted by the organization with respect to the investors.

- a. appropriate risk profiling of investors
- b. to provide Disclosure Document to investors
- c. executing the PMS agreement
- d. Making investment decisions on behalf of investors (discretionary) or investment decisions taken at the discretion of the Investor (non-discretionary) or advising investors regarding their investment decisions (advisory), as the case may be.

C. Details of services provided to investors and estimated timelines:-

- i. Discretionary & Non-Discretionary Portfolio Management Services (PMS):-
Under these services, all an investor has to do, is to give his portfolio in any form i.e. in stocks or cash or a combination of both. The minimum size of the

portfolio under the Discretionary and/ or Non-Discretionary Funds Management Service should be Rs.50 lakhs as per the current SEBI Regulations. However, the PMS provider reserves the right to prescribe a higher threshold product-wise or in any other manner at its sole discretion. The PMS provider will ascertain the investor's investment objectives to achieve optimal returns based on his risk profile. Under the Discretionary Portfolio Management service, investment decisions are at the sole discretion of the PMS provider if they are in sync with the investor's investment objectives. Under the Non-Discretionary Portfolio Management service, investment decisions taken at the discretion of the Investor.

ii. Investment Advisory Services: -

Under these services, the Client is advised on buy/sell decision within the overall profile without any back-office responsibility for trade execution, custody of securities or accounting functions. The PMS provider shall be solely acting as an Advisor to the Client and shall not be responsible for the investment/divestment of securities and/or administrative activities on the client's portfolio. The PMS provider shall act in a fiduciary capacity towards its Client and shall maintain arm's length relationship with its other activities. The PMS provider shall provide advisory services in accordance with guidelines and/or directives issued by the regulatory authorities and/or the Client from time to time in this regard.

iii. Client On-boarding

- a. Ensuring compliance with KYC and AML guidelines.
- b. franking & signing the Power of Attorney to make investment decisions on behalf of the investor.

- c. opening demat account and funding of the same from the investor's verified bank account and/or transfer of securities from verified demat account of the investor and
 - d. Mapping the said demat account with Custodian.
- iv. Ongoing activities
- a. To provide periodic statements to investors as provided under the PM Regulations 2020 and other SEBI notifications and circulars ("PM Regulations") and
 - b. Providing each client an audited account statement on an annual basis which includes all the details as required under the PM Regulations.
- v. Fees and Expenses
- Charging and disclosure of appropriate fees & expenses in accordance with the PM Regulations.
- vi. Closure and Termination
- Upon termination of PMS Agreement by either party, the securities and the funds lying in the account of the investor shall be transferred to the verified bank account/ demat account of the investor.
- vii. Grievance Redressal
- Addressing in a time bound manner investor's queries, service requests and grievances, if any, on an ongoing basis.

Timelines of the services provided to investors are as follows:

Sr. No.	Service / Activity	Timeline
1	Opening of PMS account (including demat account) for residents.	7 days from receipt of all requisite documents from the client, subject to review of the documents for accuracy and completeness by portfolio manager and allied third party service providers as may be applicable.
2	Opening of PMS account (including demat account) for non-individual clients.	14 days from receipt of all requisite documents from the client, subject to review of the documents for accuracy and completeness by portfolio manager and allied third party service providers as may be applicable.
3	Opening of PMS account (including demat account, bank account and trading account) for non-resident clients.	14 days from receipt of all requisite documents from the client, subject to review of the documents for accuracy and completeness by portfolio manager and allied third party service providers as may be applicable.
4	Registration of nominee in PMS account and demat account.	Registration of nominee should happen along with account opening, therefore turnaround time should be same as account opening turnaround time.
5	Modification of nominee in PMS account and demat account.	10 days from receipt of requisite nominee modification form, subject to review of the documents for accuracy and completeness by

Sr. No.	Service / Activity	Timeline
		portfolio manager and allied third party service providers as may be applicable.
6	Uploading of PMS account in KRA and CKYC database.	10 days from date of account opening (Portfolio Manager may rely on the custodian for updating the same).
7	Whether portfolio manager is registered with SEBI, then SEBI registration number.	At the time of client signing the agreement; this information should be a part of the account opening form and disclosure document.
8	Disclosure about latest networth of portfolio manager and total AUM.	Disclosure of portfolio manager's total AUM - monthly to SEBI Disclosure of latest networth should be done in the disclosure document whenever there are any material changes.
9	Intimation of type of PMS account – discretionary.	At the time of client signing the agreement; this information should be a part of the account opening form.
10	Intimation of type of PMS account - non discretionary.	At the time of client signing the agreement; this information should be a part of the account opening form.
11	Intimation to client what discretionary account entails and powers that can be exercised by portfolio manager.	At the time of client signing the agreement; this information should be a part of the account opening form.



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Sr. No.	Service / Activity	Timeline
12	Intimation to client what nondiscretionary account entails and powers that can be exercised by portfolio manager.	At the time of client signing the agreement; this information should be a part of the account opening form.
13	Copy of executed PMS agreement sent to client.	Within 3 days of client request.
14	Frequency of disclosures of available eligible funds.	All details regarding client portfolios should be shared quarterly (point 26).
15	Issuance of funds and securities balance statements held by client.	This data should be shared on a quarterly basis or upon client request.
16	Intimation of name and demat account number of custodian for PMS account.	Within 3 days of PMS and demat account opening.
17	Conditions of termination of contract.	At the time of client signing the agreement; this information should be a part of the account opening form.
18	Intimation regarding PMS fees and modes of payment or frequency of deduction.	At the time of client signing the agreement; this information should be a part of the account opening form.



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Sr. No.	Service / Activity	Timeline
19	POA taken copy providing to client.	Within 3 days of client request.
20	Intimation to client about what all transactions can portfolio manager do using PoA.	At the time of client signing the agreement; this information should be a part of the account opening form.
21	Frequency of providing audited reports to clients	Annual.
22	Explanation of risks involved in investment.	At the time of client signing the agreement; this information should be a part of the account opening form.
23	Intimation of tenure of portfolio investments.	Indicative tenure should be disclosed at the time of client signing the agreement; this information should be a part of the account opening form.
24	Intimation clearly providing restrictions imposed by the investor on portfolio manager.	Negative list of securities should be taken from the client at the time of client signing the agreement; this information should be a part of the account opening form.
25	Intimation regarding settling of client funds and securities.	Settlement of funds and securities is done by the Custodian. The details of clients' funds and securities should be sent to the clients in the prescribed format not later than on a quarterly basis.

Sr. No.	Service / Activity	Timeline
26	Frequency of intimation of transactions undertaken in portfolio account.	Not later than on a quarterly basis or upon clients' request.
27	Intimation regarding conflict of interest in any transaction.	The portfolio manager should provide details of related party transactions and conflict of interest in the Disclosure Document which should be available on website of portfolio manager at all times.
28	Timeline for providing disclosure document to investor.	The latest disclosure document should be provided to investors prior to account opening and the latest disclosure documents should be available on website of portfolio manager at all times.
29	Intimation to investor about details of bank accounts where client funds are kept.	Within 3 days of PMS and demat account
30	Redressal of investor grievances.	Within 30 days, subject to all the information required to redress the complaint is provided by the complainant to the portfolio manager

Notes:

1. The number of days in the above timelines indicate clear working days

D. Details of grievance redressal mechanism and how to access it

- a. It is mandatory for every PMS provider to register itself on SEBI SCORES (SEBI Complaint Redress System). SCORES is a centralised online complaint resolution system through which the complainant can take up his grievance against the PMS provider and subsequently view its status.
(<https://scores.gov.in/scores/Welcome.html>)
- b. The details such as the name, address and telephone number of the investor relations officer of the PMS provider who attends to the investor queries and complaint should be provided in the PMS Disclosure document.
- c. The grievance redressal and dispute mechanism should be mentioned in the Disclosure Document.
- d. Investors can approach SEBI for redressal of their complaints. On receipt of complaints, SEBI takes up the matter with the concerned PMS provider and follows up with them.
- e. Investors may send their complaints to: Office of Investor Assistance and Education, Securities and Exchange Board of India, SEBI Bhavan. Plot No. C4-A, 'G' Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.

E. Expectations from the investors (Responsibilities of investors)

1. Check registration status of the intermediary from SEBI website before availing services.
2. Submission of KYC documents and application form in a timely manner with signatures in appropriate places and with requisite supporting documents.
3. Read carefully terms and conditions of the agreement before signing the same.

4. Thorough study of the Disclosure Documents of the PMS to accurately understand the risks entailed by the said investment in PMS.
5. Accurate and sincere answers given to the questions asked in the 'Risk Questionnaire' shall help the PMS provider properly assess the risk profile of the investor.
6. Thorough study of the quarterly statements sent by the PMS provider to the investor intimating him about the portfolio's absolute and relative performance, its constituents and its risk profile.
7. Ensure providing complete details of negative list of securities as part of freeze instructions at the time of entering into PMS agreement and every time thereafter for changes, if any, in a timely manner.
8. To update the PMS provider in case of any change in the KYC documents and personal details and to provide the updated KYC along with the required proof.



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Annexure 4C: Format for disclosure of Performance of the Portfolio Manager

(As per Regulation 22 (4) (e) of SEBI (Portfolio Managers) Regulations, 2020)

	Current Year (April 01 – as on date)	Year 1 (Financial year)	Year 2 (Financial year)	Year 3 (Financial year)
Portfolio Performance (%), Net of all fees and charges levied by the portfolio manager.				
Benchmark Performance %				



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Annexure 5A: Format for Monthly Report to SEBI

Report for the month of _____ FY _____

Type of Services Offered

Sl. No.	Type of Service Offered	Whether the service is offered
1	Discretionary Service	Yes/No
2	Non-Discretionary Service	Yes/No
3	Advisory Service	Yes/No
4	Co-investment Service	Yes/No

I. Data for Discretionary Services

A. Break-up of clients of the Portfolio Manager

Particulars	Domestic Clients			Foreign Clients			Total
	PF/ EPFO	Corporates	Non- Corporates	Non Residents	FPI	Others	
No. of unique Clients as on last day of the month							
Assets under Management (AUM) as on last day of the month							

B. Break-up of assets under management of the Portfolio Manager

Investment Approach	Funds Inflow/Outflow in the Approach		Assets Under Management as on last day of the month (in INR crores)									Mutual Funds	Others	Total
			Equity		Plain Debt		Structured Debt		Derivatives					
	Outflow in the month	Inflow in the Month	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Equity	Commodity	Others			
Approach 1														
Approach 2														

Approach 'N'														
Total														



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C. Transaction Data

Sl. No.	Particulars	Figures
1	Sales in the month (in INR crores)	
2	Purchases in the month (in INR crores)	
3	Portfolio Turnover Ratio = (Higher of Purchases or Sales in the month /Average AUM)	

Note: Average AUM to be computed based on daily average

D. Performance Data

Investment Approach	AUM (in INR Cr)	Returns (%)		Portfolio Turnover Ratio	
		1 month	1 year	1 month	1 year
Investment Approach 1					
Benchmark 1					
Investment Approach 2					
Benchmark 2					
Investment Approach 'N'					
Benchmark 'N'					
Total					

II. Data for Non- Discretionary Services

E. Break-up of clients of the Portfolio Manager

Particulars	Domestic Clients			Foreign Clients			Total
	PF/EPFO	Corporates	Non-Corporates	Non Residents	FPI	Others	
No. of unique Clients as on last day of the month							
Assets under Management (AUM) as on last day of the month							



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F. Break-up of assets under management of the Portfolio Manager

Funds In-flow in the month	Funds Out-flow in the month	Assets Under Management as on last day of the month (in INR crores)										Mutual Funds	Others	Total
		Equity		Plain Debt		Structured Debt		Derivatives						
		Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Equity	Commodity	Others				

G. Transaction Data

Sl. No.	Particulars	Figures
1	Sales in the month (in INR crores)	
2	Purchases in the month (in INR crores)	
3	Portfolio Turnover Ratio = (Higher of Purchases or Sales in the month /Average AUM)*	

Note: Average AUM to be computed based on daily average

H. Performance Data

AUM (in INR Cr)	Returns (%)		Portfolio Turnover Ratio	
	1 month	1 year	1 month	1 year

III. Data for Advisory Services

I. Break-up of client base of the Portfolio Manager

Particulars	Domestic Clients			Foreign Clients			Total
	PF/EPFO	Corporates	Non-Corporates	Non Residents	FPI	Others	
No. of unique Clients as on last day of the month							
Assets under Management (AUM) as on last day of the month							



IV. Data for Co-investment Services

J. Break-up of clients of the Portfolio Manager

Type of Client	Domestic Clients		Foreign Clients			Total Clients
	Corporates	Non-Corporates	Corporates	Non Residents	Others	
No. of unique Clients as on last day of the month						
Value of the Assets for which Co-investment Services are being given (Amount in INR crores)						

K. Break-up of assets under management of the Portfolio Manager

Funds In-flow in the month	Funds Out-flow in the month	Assets Under Management as on last day of the month (in INR crores)				
		Equity	Plain Debt	Structured Debt	Others	Total

Note: AUM may be calculated on cost basis or in any manner as may be specified by SEBI

V. Data on Complaints

Type of Client	Total No. of complaints			
	Pending at the beginning of the month	Received during the month	Resolved during the month	Pending at the end of the month
Domestic - PF/EPFO				
Domestic Corporates				



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Domestic Non- Corporates				
Foreign – NR				
Foreign – FPI				
Foreign- Corporates				
Foreign Others				
Total				

Note: Data on investor complaints registered through SCORES or which are directly received by Portfolio Manager to be provided

Annexure 5B: Offsite Inspection Reporting Formats

Table 1: PM_MASTER:

PM_MASTER			
SN	Field Name	Type	Remarks
1	REPORTING DATE	Date	Date for which the details are provided in DDMMYYYY
2	PM_SEBI_REG_NO	VARCHAR2(20)	SEBI Registration Number of Portfolio Manager
3	PM_NAME	VARCHAR2(100)	Name of Portfolio Manager
4	PM_PAN	VARCHAR2(10)	PAN of Portfolio Manager
5	PM_PO_PAN	VARCHAR2(10)	PAN of Principle Officer
6	PM_PO_NAME	VARCHAR2(100)	Name of Principal Officer
7	PM_CO_PAN	VARCHAR2(10)	PAN of Compliance Officer
8	PM_CO_NAME	VARCHAR2(100)	Name of Compliance Officer
9	NET WORTH	VARCHAR2(24,4)	Net worth of PM as on March 31 of previous year
10	PO_NISM	VARCHAR2(20)	Principal Office NISM Certificate Number
11	FIU_REG_NO	VARCHAR2(20)	FIU Reg Number
12	KRA_REG_NO	VARCHAR2(20)	Institution code issued by KRA. In case of registration with multiple KRA agencies, provide any one KRA agency registration number
13	CERSAI_REG_NO	VARCHAR2(20)	Institution code issued by CERSAI
14	SCORE_REG_NO	VARCHAR2(20)	SEBI SCORE registration number
15	WEBLINK_DIRECT	VARCHAR2(100)	Web site link for Direct On-boarding of client
16	FO_SYSTEM_NAME	VARCHAR2(100)	Name of Front Office Trading System
17	BO_SYSTEM_NAME	VARCHAR2(100)	Name of Back Office Accounting System or Fund accountant
18	POOL_DP_ID *	VARCHAR2(20)	Pool DP ID
19	POOL_DP_NAME *	VARCHAR2(50)	Pool Name of DP
20	POOL_NAME*	VARCHAR2(50)	Pool Account title
21	POOL_BOID *	VARCHAR2(20)	Pool BOID
*PMS may have multiple pool demat accounts			



Table 2: CLIENT_MASTER:

CLIENT_MASTER			
SN	Field Name	Type	Remarks
1	REPORTING DATE	Date	Date for which the details are provided in DDMMYYYY
2	PM_SEBI_REG_NO	VARCHAR2(20)	SEBI Registration Number of Portfolio Manager
3	CLIENT_PAN	VARCHAR2(10)	PAN of each client
4	CLIENT_CATEGORY	VARCHAR2(30)	Individual_Resident Individual_Non Resident HUF Corporate_Resident Corpoarte_Non resident Association of Persons Body Of Individuals Partnership Firm Limited Liability Partnership Trust FPI Others
5	CLIENT_SUB_CATEGORY	VARCHAR2(30)	General, Accredited, Large value accredited, Co-investment#
6	CLIENT_FIRST_NAME	VARCHAR2(150)	Client First Name
7	CLIENT_MIDDLE_NAME	VARCHAR2(35)	Client Middle Name
8	CLIENT_LAST_NAME	VARCHAR2(35)	Client Last Name
9	ADDRESS1	VARCHAR2(120)	Address 1
10	ADDRESS2	VARCHAR2(120)	Address 2
11	ADDRESS3	VARCHAR2(120)	Address 3
12	ADDRESS4	VARCHAR2(120)	Address 4
13	CITY	VARCHAR2(100)	City
14	STATE	VARCHAR2(35)	State Name
15	PINCODE	VARCHAR2(6)	PIN Code
16	COUNTRY	VARCHAR2(35)	Country Name
17	MOBILE_NO	VARCHAR2(40)	Primary Mobile No
18	EMAIL	VARCHAR2(500)	Email Id
19	JH1	VARCHAR2(150)	Second Holder name (Joint holder 1)
20	JH2	VARCHAR2(150)	Third Holder name (Joint Holder 2)



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21	JH1_PAN_NO	VARCHAR2(10)	Joint Holder 1 PAN
22	JH2_PAN_NO	VARCHAR2(10)	Joint Holder 2 PAN
23	NOMINEE1_PAN_NO	VARCHAR2(10)	Noimnee 1 PAN. NA if not applicable
24	NOMINEE1_NAME	VARCHAR2(100)	Nominee 1 Name. NA if not applicable
25	NOMINEE2_PAN_NO	VARCHAR2(10)	Noimnee 2 PAN. NA if not applicable
26	NOMINEE2_NAME	VARCHAR2(100)	Nominee 2 Name. NA if not applicable
27	NOMINEE3_PAN_NO	VARCHAR2(10)	Noimnee 3 PAN. NA if not applicable
28	NOMINEE3_NAME	VARCHAR2(100)	Nominee 4 Name. NA if not applicable
29	HOLDING_NATURE	VARCHAR2(35)	SINGLE ANYONE OR SURVIOR JOINT FIRST OR SURVIOR NOT APPLICABLE (FOR NON INDIVIDUALS)
30	GENDER	VARCHAR2(10)	Gender of First holder- MALE FEMALE NA OTHERS
31	DOB	DATE	Date of Birth in YYYY-MM-DD format of First holder For non-individuals, date of incorporation will be captured wherever available
32	NATIONALITY	VARCHAR2(40)	Nationality of First holder
33	OCCUPATION	VARCHAR2(100)	Occupation of First Holder
34	DATE OF PMS ACCOUNT ACTIVATION	DATE	PMS Account Activation date
#Clients other than Accredited, Large value accredited, Co-investment shall be categorised as 'General' under' the category 'CLIENT_SUB_CATEGORY'			

Table 3: CLIENT_FOLIO_MASTER:

CLIENT_FOLIO_MASTER			
SN	Field Name	Type	Remarks
1	DATE OF AGREEMENT	Date	Date of agreement
2	PM_SEBI_REG_NO	VARCHAR2(20)	SEBI Registration Number of Portfolio Manager
3	CLIENT_PAN	VARCHAR2(10)	PAN of client
4	FOLIO_NUMBER	VARCHAR2(20)	Folio no. of the client



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5	CATEGORY OF SERVICE	VARCHAR2(20)	Discretionary Non Discretionary Advisory
6	INVESTMENT_APPROACH	VARCHAR2(50)	Name of Investment Approach
7	INVESTMENT_STRATEGY	VARCHAR2(50)	EQUITY, DEBT, HYBRID, MULTI
8	BENCHMARK	VARCHAR2(50)	BENCHMARK INDEX selected by PM for the strategy
9	CONSENT_ASSOCIATES	VARCHAR2(10)	Whether client has given permission for investments in associates/related parties (Y/N)
10	CONSENT % INDIVIDUAL_EQUITY	NUMERIC(2,2)	Percent of AUM which can be invested by PM in the equity shares of one associate/related party
11	CONSENT % TOTAL_EQUITY	NUMERIC(2,2)	Percent of AUM which can be invested by PM in the equity shares of all its associate/related party
12	CONSENT % INDIVIDUAL_DEBT	NUMERIC(2,2)	Percent of AUM which can be invested by PM in the debt and hybrid securities of one associate/related party
13	CONSENT % TOTAL_DEBT	NUMERIC(2,2)	Percent of AUM which can be invested by PM in the debt and hybrid securities of all its associate/related party
14	CONSENT % TOTAL_LIMIT	NUMERIC(2,2)	Percent of AUM which can be invested by PM in the equity, debt and hybrid securities of all its associate/related party
15	CONSENT_EQUITY_DERIVATIVES	VARCHAR2(10)	Consent for investment in Equity Derivatives (Y/N)
16	CONSENT_COM_DERIVATIVES	VARCHAR2(10)	Consent for investment in Commodity Derivatives (Y/N)
17	CONSENT_DERIVATIVE_PER	NUMERIC(2,2)	Percent of AUM which can be invested in derivatives
18	CLIENT_BOID	VARCHAR2(20)	BOID of the client
19	CUST_REG_NO	VARCHAR2(20)	SEBI Registration Number of Custodian
20	CUST_NAME	VARCHAR2(100)	Name of Custodian
21	CUSTODY_CODE	VARCHAR2(20)	Custodian code of the client
22	CLIENT_POA	VARCHAR2(50)	Yes or No for Power of Attorney executed in favour of PM
23	PM_DISTRIBUTOR_NAME	VARCHAR2(50)	Name of the Distributor
24	PM_DISTRIBUTOR_PAN	VARCHAR2(10)	PAN of the Distributor
25	PERFORMANCE_FEES_PER	NUMERIC(2,2)	Performance fees to be charged (in %)

Table 4: CLIENT_FOLIO_MASTER

CLIENT_FOLIO_AUM			
SN	Field Name	Type	Remarks
1	AUM_DATE	Date	Date of AUM
2	PM_SEBI_REG_NO	VARCHAR2(20)	SEBI Registration Number of Portfolio Manager
3	CLIENT_PAN	VARCHAR2(10)	PAN of client
4	CLIENT_FOLIO_NO	VARCHAR2(20)	folio no. of the client for which aum is provided
5	CLIENT_FOLIO_UNITS*	Numeric (24,4)	No. of units under the folio
6	CLIENT_FOLIO_AUM	Numeric (24,4)	AUM of the folio
*If exit load is charged, number of units to be provided and number of units should not be kept blank			

Table 5: CLIENT_CAP_TRANSACTIONS

CLIENT_CAP_TRANSACTIONS			
SN	Field Name	Type	Remarks
1	PM_SEBI_REG_NO	VARCHAR2(20)	SEBI Registration Number of Portfolio Manager
2	CLIENT_FOLIO	VARCHAR2(20)	Folio Number of the Investor
3	TRN_TYPE	VARCHAR2(20)	Initial Inflow/Top up/Partial Redemption/Full redemption
4	TRAN_DATE	Date	Date on which transaction processed in DDMMYYYY
5	TRAN_AMT	NUMERIC(24,4)	Value of Transaction
6	Tran_Units	NUMERIC(24,4)	No. of Units
7	Exit_load	NUMERIC(20,4)	Exit load charged by the PMS (in case of Full redemption/partial redemption)

Table 6: PM_POOL DEMAT ACCOUNT HOLDING

PM_POOL DEMAT ACCOUNT HOLDING			
SN	Field Name	Type	Remarks
1	PM_SEBI_REG_NO	VARCHAR2(20)	SEBI Registration Number of Portfolio Manager
2	PM_PAN	VARCHAR2(10)	PAN of PMS
3	PM_BOID	VARCHAR2(20)	BOID of the PMS (Pool Account)
4	ISIN	VARCHAR2(20)	ISIN of the security
5	HOLDING QTY	NUMERIC(24,4)	Holding in qty/units (with Fraction)
6	HOLDING DATE	Date	In DDMMYYYY format
*Client may have multiple pool demat accounts. Rows 3,4,5 and 6 shall be repeated if PM has more than one pool account			

Table 7: CLINET_HOLDING_MASTER

CLIENT_HOLDING_MASTER			
SN	Field Name	Type	Remarks
1	HOLDING DATE	DATE	Holding date in YYYY-MM-DD format
2	PMS REG NO	VARCHAR2(30)	SEBI registration of the Portfolio Manager
3	CLIENT_FOLIO	VARCHAR2(20)	Folio number of the client
4	INVESTMENT_TYPE	VARCHAR2(20)	Nature of Investment (Equity/Debt/Derivatives/Mutual Fund/Others)
5	ASSET_TYPE	VARCHAR2(20)	Asset Type (For Equity - Equity Shares For Debt - Plain Debt, Structure Debt For Derivatives - Futures, Options For Mutual Funds - MF Units, Overseas Units Others - REIT/INVIT/Others)
6	ISSUER_NAME	VARCHAR2(20)	issuer name
7	SECURITY_NAME	VARCHAR2(20)	Name of the security
8	ISIN	VARCHAR2(20)	ISIN of security
9	ASSOCIATION_FLAG	NUMBER(1)	0 - if security is not of associate/related party 1 - if security is of associate/related party.
10	LISTING STATUS	NUMBER(25,2)	0 - If security is unlisted 1- If security is listed
11	RATING	NUMBER(25,2)	Security rating in case of Debt/hybrid securities
12	RATING_AGENCY	VARCHAR2(20)	Rating agency
13	QUANTITY	VARCHAR2(20)	Quantity
14	UNIT_PRICE	NUMBER(30,6)	Market Price or valuation price of the security
15	MARKET_VALUE	NUMBER(30,6)	Market Value of securities
16	MATURITY_DATE	Date	Maturity Date (in case of debt instrument)
17	OPTION_TYPE	VARCHAR2(20)	Option Type (Call or Put)

Table 8: PM_LEVEL_EXPENSE:

PM_LEVEL_EXPENSE			
SN	Field Name	Type	Remarks
1	PM_SEBI_REG_NO	VARCHAR2(20)	SEBI Registration Number of Portfolio Manager
2	accrual_date	Date	Date of booking the expense



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3	expense_date	Date	Date of payment to the vendor
4	VENDOR_PAN	VARCHAR2(20)	PAN of the vendor from whom the service taken
5	VENDOR_NAME		Name of the vendor from whom the service taken
6	NATURE_OF_SERVICE	VARCHAR2(20)	Nature of Service provided by Vendor, i.e. Broking Custody DP Fund Accounting RTA Distributor Commission Others
7	ASSOCIATE_FLAG	VARCHAR2(20)	Whether the vendor is associate of PMS (0 for No and 1 for Yes)
8	AMOUNT_PAID	VARCHAR2(20)	Amount paid
9	frequency	VARCHAR2(20)	whether monthly, quarterly, yearly, etc.

Table 9: CLIENT_EXPENSE_MASTER:

CLIENT_EXPENSE_MASTER			
SN	Field Name	Type	Remarks
1	Expense_Date	Date	Date of the expense charged
2	PM_SEBI_REG_NO	VARCHAR2(20)	SEBI Registration Number of Portfolio Manager
3	CLIENT_FOLIO	VARCHAR2(10)	Folio Number of the client
4	EXPENSE_TYPE	VARCHAR2(20)	Type of Fees (i) PMS Fees (ii) Operating Fees
5	EXPENSE_SUB_TYPE	VARCHAR2(50)	In case of PMS Fees, either Management Fees (fixed) or Performance Fees (variable). In case of Operating Expenses: (Account Opening charges including stamp duty /Audit Fee/ Bank charges/Fund Accounting charges/Custody Fee/demat charges or other miscellaneous expense)* In case of STT, actual STT charged to the client
6	EXPENSE_VALUE	NUMERIC(20,4)	Amount of the expense charged

*for each sub type, additional row may be provided.

Annexure 5C: Details of reporting requirements as per the provisions of the Master Circular

Details of the requirements prescribed under various clauses of this Master Circular that are covered through the offsite inspection reporting formats, are as under:

Paragraph No.	Requirement	Table Reference
2.3.3	At the time of on-boarding of clients directly, no charges except statutory charges shall be levied.	Client Master, Client Folio Master and Client Expense Master
2.5.1.1	The first single lump-sum investment amount received as funds or securities from clients should not be less than Rs.50 Lakh	Client Master and Client Capital Transaction
3.2.2	Portfolio Managers can invest in derivatives on the terms specified in the Portfolio Management Agreement.	Client Folio Master
3.2.3	The total exposure of the portfolio client in derivatives should not exceed his portfolio funds placed with the Portfolio Manager	Client Folio AUM and Client Holding Master
3.3.2.3	Portfolio Managers may participate in Exchange Traded Commodity Derivatives after entering into an agreement with the clients.	Client Folio Master
3.4.2	Portfolio Manager shall invest up to a maximum of 30 percent of their client's portfolio (as a percentage of the client's assets under management) in the securities of their own associates/related parties.	Client Folio Master, Client Folio AUM and Client Holding Master
3.6.2	Portfolio Managers offering discretionary portfolio management services shall not make any investment in below investment grade securities.	Client Holding Master
3.6.3	Portfolio Managers offering non-discretionary portfolio management services shall not make any investment in below investment grade listed securities. However, Portfolio Manager may invest up to 10% of the assets under management of such clients in unlisted unrated securities of issuers other than associates/related parties of Portfolio Manager.	Client Folio AUM and Client Holding Master



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Paragraph No.	Requirement	Table Reference
6.1.3.3	Operating expenses excluding brokerage, over and above the fees charged for Portfolio Management Service, shall not exceed 0.50% per annum of the client's average daily AUM.	Client Folio AUM and Client Expense Master
6.1.3.4	Charges for all transactions in a financial year (Broking, Demat, custody etc.) through self or associates shall be capped at 20% by value per associate (including self) per service.	PM Level Expense Master
6.1.3.6	Profit/ performance shall be computed on the basis of high water mark principle over the life of the investment, for charging of performance / profit sharing fee.	Client Expense Master
6.1.4.1	Exit Load levied by PMS	Client Capital Transaction



Annexure 5D: Format of Quarterly Reporting to Client

Account Statement for Quarter ended _____

Email ID: _____

Tel Number: _____

Name of Distributor: _____

A. Account Overview:

Name of the Client*	
PAN*	
Address	
Email	
Phone number	
Unique Client Code	
Account Activation date	
Type of Portfolio Management Service	
Investment approach for the account	
Benchmark for the investment approach	
Amount managed under the Investment Approach	
% AUM under investment approach	

Notes:

- (i) If multiple investment approaches are used for management of the client account, separate reports may be used for each such Investment Approach.
- (ii) Details of joint holder, if applicable, needs to be provided
- (iii) In case of Clients coming from Direct plan, provide input as "Direct Plan" under head Name of Distributor
- (iv) For any request for change of facts as appearing above, kindly get in touch with [Email ID] or [Phone Number]
- (v) AUM reported shall be the total assets managed by the Portfolio Manager for the particular Client PAN



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(vi) Inputs with regards to investment approach and benchmark may not be applicable for Co-investment services

B. Portfolio Details:

Portfolio Allocation			
Type of Security	Purchase Value	Market Value (as on quarter end)	% of Assets Under Management
	(in Rs)	(in Rs)	
Equity			
Plain Debt			
Structured Debt			
Equity Derivatives			
Commodity Derivatives			
Goods			
Mutual Funds			
Cash and equivalent			
Other Assets			
Total			

Note:

(i) Portfolio Managers offering Co-investment services, may provide details as applicable, for assets permitted to be managed by them.

Portfolio Summary	
Particulars	(in Rs)
Portfolio Value at the beginning of quarter	
Portfolio Value at the end of quarter	
For the quarter	
1. Capital Inflow	
2. Capital Outflow	



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3. Interest Income	
4. Dividend Income	
5. Other Income	
6. Management Fee	
7. Performance Fee	
8. Expenses at actuals	
9. Other expenses	
10. Realized Gain/ Loss	
11. Unrealized Gain/ Loss	
Commission paid to Distributor	
Brokerage paid	

Note:

(i) Portfolio Managers offering Co-investment services, may provide details as applicable

C. Performance of Portfolio

Disclaimer: Performance data for Portfolio Manager and Investment

Approach provided hereunder is not verified by any regulatory authority.

Performance report for Client Portfolio and Investment Approach					
Particulars	1 Year	3 Years	5 Years	10 Years	Since Inception
Returns of Client Portfolio					
Aggregate Returns of Investment Approach					
Benchmark Performance					

Notes:

(i) The above returns to be calculated using Time Weighted rate of return (TWRR). While computing returns of Investment Approach under which the Client account is managed, all clients falling under said Investment Approach during the relevant period have to be taken into consideration

(ii) All investments including cash and cash equivalents to be considered for calculation of returns

(iii) In case of a Portfolio Managers offering Co-investment services, performance of portfolio may be calculated and disclosed, as agreed between the Co-investment Portfolio Manager and the co-investor

D. Transaction Details:

(i) Capital Contribution (from inception till end of reporting period)

Date	Capital Inflow	Capital Outflow
Total		

(ii) Investments (during the reporting period)

Security Name	Transaction Date	Buy / Sell	Quantity	Gross Rate	Net Rate*	Net Transaction Value

- Report to clarify calculation of Net Rate

(iii) Holding Report as of end of quarter

Security Name	Quantity	Average Cost	Market Rate	Total Cost	Market Value	% to Portfolio
Equity						
A:						
B:						
Debt						
A:						
B:						



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Security Name	Quantity	Average Cost	Market Rate	Total Cost	Market Value	% to Portfolio
Mutual Funds						
A:						
B:						
Commodities						
A:						
B:						
Other Assets						
Cash & Cash Equivalent						
Total						

Note:

(i) Portfolio Managers offering Co-investment services, may provide details as applicable, for assets permitted to be managed by them

E. Other Important Information

1. With regard to client portfolio, deviations from investment approach, if any
2. With regard to debt securities, details of any delay in coupon payments, if any
3. With regard to debt securities, details of default, if any
4. With regard to portfolio allocation in equity and commodity derivatives, details of funds and securities held as collateral, if any.
5. Details of Other assets outstanding to be received in Clients account for more than 3 months from the due date

Nature of Asset	Outstanding amount (In Rs.)
a. Coupon Payments	
b. Dividends	
c. Others	
Total	

6. Investments in the securities of associates/related parties of Portfolio Manager:

a. Transaction wise

Sr. No.	Issuer name	Type of security	ISIN	Transaction wise Details				
				Transaction date	Buy/sell	Quantity	Gross transaction value (INR in crores)	Net transaction value (INR in crores)

b. Security wise

Sr. No.	Issuer name	Type of security	ISIN	Security wise Details			
				Investment amount (cost of investment) as on last day of the previous quarter (INR in crores)	Value of investments as on last day of the previous quarter (INR in crores)	percentage of client's AUM as on last day of the previous quarter (INR in crores)	percentage of PM's AUM as on last day of the previous quarter (INR in crores)

c. Details regarding passive breach of investment limits:

Sr. No.	Details of passive breach	Date of passive breach	Details of steps taken, if any, to rectify the passive breach of limits	Date of rectification	Whether rectified within 90 days

d. Details of credit ratings of investments in debt and hybrid securities.

7. Any other important information.

8. Portfolio Managers offering Co-investment services, may provide investment data, wherever applicable on cost basis or as may be specified by SEBI

Annexure 7A: Format of Complaint data to be displayed by the Portfolio Managers

Format for investor complaints data to be disclosed by Portfolio Managers on their website on monthly basis:

Data for the month ending - _____

Sr. No.	Received from	Pending at the end of last month	Received	Resolved*	Total Pending#	Pending complaints > 3 months	Average Resolution time [^] (in days)
1	Directly from Investors						
2	SEBI (SCORES)						
3	Other Sources (if any)						
	Grand Total						

[^] Average Resolution time is the sum total of time taken to resolve each complaint in days, in the current month divided by total number of complaints resolved in the current month.

Trend of monthly disposal of complaints

Sr. No.	Month	Carried forward from previous month	Received	Resolved*	Pending#
1	April, YYYY				
2	May, YYYY				
3	June, YYYY				
4				
5	March, YYYY				
	Grand Total				

*Inclusive of complaints of previous months resolved in the current month.

#Inclusive of complaints pending as on the last day of the month

Trend of annual disposal of complaints

SN	Year	Carried forward from previous year	Received	Resolved**	Pending##
1	2018-19				



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2	2019-20				
3	2020-21				
	Grand Total				

** Inclusive of complaints of previous years resolved in the current year.

Inclusive of complaints pending as on the last day of the year.



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Annexure Z: List of Circulars Rescinded

Sr. No.	Date of	Subject	Circular Ref. No.
1.	October 20, 1993	Format of Half Yearly Report and Guidelines for advertisement	RPM circular No.1(93-94)
2.	September 17, 2002	Clarification for definition of associates	RPM CIRCULAR NO.1 (2002-2003)
3.	January 14, 2003	Application procedure for registration/renewal as Portfolio Manager	SEBI/RPM CIRCULAR NO.2 (2002-2003)
4.	February 05, 2003	Clarification for amendment to Reg.16(1)(b) & Reg. 16(3)	SEBI/RPM CIRCULAR NO.3 (2002-2003)
5.	November 18, 2003	Improvement in corporate governance	IMD/PMS/CIR/1/21727/03
6.	June 28, 2006	Clause in disclosure document/ agreement/ power of attorney	SEBI/IMD/CIR No.1/ 70353 /2006
7.	May 11, 2007	Renewal of certificate of registration	SEBI/IMD/DOF-I/SRP/Cir No. 1/93251 /2007
8.	February 27, 2009	Extension in time for compliance with Regulation 16(8) of SEBI Portfolio Managers Regulations	IMD/CIR No.1/155740/2009
9.	May 11, 2009	Compliance with Regulation 16(8) of SEBI (Portfolio Managers) Regulations, 1993	IMD/PMS/2/2009/11/05
10.	June 11, 2009	Submission of Monthly Report	SEBI/IMD/PMS/CIR-3/2009



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11.	June 23, 2009	Maintenance of Clients' Funds in a separate Bank Account by Portfolio Managers	IMD/DOF I/PMS/Cir- 4/2009
12.	July 31, 2009	Amendment to Additional Information for registration / renewal applications	IMD/DOF I/PMS/Cir- 5/2009
13.	September 10, 2009	Compliance with Regulation 16(8) of SEBI (Portfolio Managers) Regulations, 1993	IMD/DOF-1/PMS/CIR-6/2009
14.	March 15, 2010	Half Yearly Reporting by Portfolio Managers	IMD/DOF-1/PMS/Cir-1/2010
15.	September 21, 2010	Online processing of Portfolio Manager Applications	N.A.
16.	October 05, 2010	Portfolio Managers - Regulation of fees and charges	Cir. /IMD/DF/13/2010
17.	October 08, 2010	Portfolio Managers - Monthly Report	Cir. /IMD/DF/14/2010
18.	November 02, 2010	Portfolio Managers – clarification on minimum investment amount by clients, performance of portfolio and schemes	Cir. /IMD/DF/16/2010
19.	July 16, 2012	Deployment of client funds in liquid mutual fund	Cir. /IMD/DF-1/16/2012
20.	May 22, 2019	Participation of Portfolio Managers in Commodity Derivatives Market in India	SEBI/HO/IMD/DF1/CIR/P/2019/066



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21.	February 13, 2020	Guidelines for Portfolio Managers	SEBI/HO/IMD/DF1/CIR/P/2020/26
22.	March 30, 2020	Relaxation in compliance with requirements pertaining to Portfolio Managers	SEBI/HO/IMD/DF1/CIR/P/2020/57
23.	September 09, 2020	Operating Guidelines for Portfolio Managers in International Financial Services Centre	SEBI/HO/IMD/DF1/CIR/P/2020/169
24.	January 08, 2021	Monthly Reporting of Portfolio Managers	SEBI/HO/IMD/DF1/CIR/P/2021/02
25.	May 12, 2021	Procedure for seeking prior approval for change in control of SEBI registered Portfolio Managers	SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/564
26.	December 09, 2021	Transaction in Corporate Bonds through Request for Quote platform by Portfolio Management Services (PMS)	SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/678
27.	December 10, 2021	Publishing of Investor Charter and disclosure of Investor Complaints by Portfolio Managers on their websites	SEBI/HO/IMD/IMD-II_DOF7/P/CIR/2021/681
28.	December 10, 2021	Clarification regarding amendment to SEBI (Portfolio Managers) Regulations, 2020	SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/0000000679
29.	December 21, 2021	Portfolio Management Services for Accredited Investors	SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/693



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30.	June 02, 2022	Procedure for seeking prior approval for change in control of Portfolio Managers (NCLT)	SEBI/HO/IMD-1/ DOF1/P/CIR/2022/77
31.	August 26, 2022	Circular for Portfolio Managers	SEBI/HO/IMD/IMD-I/ DOF1/P/CIR/2022/112
32.	September 30, 2022	Circular for Portfolio Managers	SEBI/HO/IMD/IMD-I/ DOF1/P/CIR/2022/133