



Standard Operating Procedure for Modifying the Benchmark on the APMI Portal, Reporting, and Display

Performance reporting by Portfolio Managers on the APMI portal has been in place for nearly 18 months. Recently, there have been instances where Portfolio Managers needed to change the Benchmark. As a result, this SOP is issued to clarify the reporting of Scheme Performance on the APMI Portal.

A: Regulatory Reference:

SEBI issued a Circular on 16th December 2022 for 'Performance Benchmarking and Reporting of Performance by Portfolio Managers'.

This circular stated that:

- ✓ Once an IA is tagged to a Benchmark, the tagging shall be changed only after offering an option to subscribers to the IA to exit without any exit load.
- ✓ The performance track record (of the specific IA whose tagging with Benchmark was changed) prior to the change shall not be used by the Portfolio Manager for performance reporting.
- ✓ Further, the same shall be verified as part of annual audit under Regulation 30 of the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 ('PM Regulations').
- ✓ Circular dated 16th December 2022 can be referred as per link below:
 - <https://www.apmiindia.org/storagebox/images/Circulars/Performance-Benchmarking-16th-Dec'22.pdf>
- ✓ The two other relevant Circulars in this regard from APMI are appended below:
 - Benchmarking Circular: <https://www.apmiindia.org/storagebox/images/Circulars/APMI-Circular-2-BENCHMARKING.pdf>
 - Revised Benchmarks: https://www.apmiindia.org/storagebox/images/Circulars/Revised%20Benchmarks%20-%20Annexure%201%20-%202031st%20March'23_1.pdf

B: Details and Documents required:

For executing the change of benchmark **on the APMI portal** by the Portfolio Manager, the following documents need to be provided to APMI by the Portfolio Manager:

- ✓ Letter from the Principal Officer addressed to APMI:
 - Stating the change.
 - Confirmation that the compliances with regard to change of Benchmark have been duly complied.
- ✓ Copy of submission made to SEBI including submission of revised Disclosure Document.

C: Regulatory Compliances for reference:

- ✓ Change in Benchmark to be communicated to the subscribers/clients/investors of the Investment Approach (IA) in which the change is sought.
- ✓ Exit option to be offered to the subscribers/clients/investors of the Investment Approach (IA) for a period of 30 days to exit without load.
- ✓ Change in benchmark of the IA to be carried out in the Disclosure Document and submit the same along Material Change Format to SEBI vide email to pmsdisclosure@sebi.gov.in within 7



working days from the end date of exit without load provided to the Clients. Further, the revised Disclosure Document shall be uploaded on SEBI SI portal.

- ✓ Not to use the performance track record of the IA whose tagging benchmark was changed by the Portfolio Manager prior to the change for performance reporting.
- ✓ The change in benchmark to be recorded after approval of the Board with proper justification and shall be verified as part of the annual audit under Regulation 30 of the PM Regulations.

D: Execution of Benchmark Change on the APMI Portal:

Once the above-mentioned requirements have been submitted to APMI:

- Change will be carried out in the Benchmark by APMI.
- Portfolio Manager will receive a confirmatory email from APMI for having executed the change in APMI System.

E: Display of Performance on APMI Portal:

This is further with reference to the email communication from SEBI to APMI dated 3rd Oct'24 which mentions that *“ it shall be noted that paragraph 4.6A.5 of Master Circular for portfolio managers dated June 07, 2024, states that past track record prior to any change in benchmark of an IA shall not be used by the Portfolio Manager for performance reporting. A clarification regarding the same was also provided vide SEBI Letter No. SEBI/HO/IMD/POD-II/P/OW/2023/12814/1 dated March 29, 2023.”*

Illustration:

- The performance track record of the specific IA whose Benchmark was changed prior to the modification should not be utilized by the Portfolio Manager for performance reporting.
 - Date of launch of IA: 1st April 2023
 - Date of Change in Benchmark: 1st July 2024
 - In such a case, the performance reporting requirement is enumerated below:

Particulars	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	7 YEARS	10 YEARS	SINCE INCEPTION
Performance of IA	Will be shown	Will not be shown as per SEBI Circular dated 16th December 2022									
Benchmark Performance	Will be shown	Will not be shown as per SEBI Circular dated 16th December 2022									

-----End of Note -----