



APMI/2023-24/05

Date: 04th May, 2023

To,

All Portfolio Managers registered with SEBI

Dear Sir / Madam,

Subject: Time period for pay-out of Funds/securities during redemption

1. This has reference to SEBI's communication with APMI dated 1st September 22.
2. In terms of Regulation 22(2) of PMS Regulations, a Portfolio Manager is required to inter alia include the following in the agreement entered between Portfolio Manager and the Client:
 - a. Period of the contract and provision of early termination, if any.
 - b. The period of the agreement in years, terms of termination and/or provision for renewal in case of a renewable agreement.
 - c. Procedure of settling client's account including form of repayment on maturity or early termination of contract.
 - d. Settlement of accounts and procedure therefore including the provisions for payment on maturity or early termination of the contract.
3. It was observed by SEBI that there is no standardised time period prescribed for completing the transfer of funds, goods, securities, and redemption proceeds on termination of the contract for PMS clients.
4. In view of the same, APMI was required to provide comments regarding the reasonable time period- that can be prescribed for the transfer of funds, goods, securities, and redemption proceeds on termination of the agreement.
5. Post various discussions held in the APMI Committees and with the approval by the APMI Board- We submitted various sets of communication in this regard to SEBI.

APMI

ASSOCIATION OF
PORTFOLIO MANAGERS
IN INDIA

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Maharashtra. CIN: U91100MH2021NPL374185.



6. Basis the above, we have received the following confirmations from SEBI which are now being released as best practices for the industry at large. The following timelines shall be prescribed by Portfolio managers for their clients:

- **Pay-out using Securities:**

- Within 15 days of receipt of the requisite documentation or 15 days from settlement of the last corporate action (for client's securities/investments), whichever is later.

- **Pay-out using Funds:**

- Within 45 days from receipt of the requisite documentation or 15 days from settlement of the last corporate action (for client's securities/investments), whichever is later.

- **Extension in pay-out timelines in either scenario:**

- Subject to prior intimation to the client.

7. Portfolio Managers are advised to try and complete the process for the transfer of funds/securities for the purpose of redemptions well before the relevant timelines stated above to avoid any last-minute complications that may result in a violation of the timelines.

We trust these clarifications/best practices will be adopted by all portfolio managers and will be helpful towards a better execution and client experience.

Yours Sincerely,

Rashim Bagga

Principal Officer- Association of Portfolio Managers of India

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