

CIRCULAR

SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/133

August 02, 2023

To
All Portfolio Managers,
Association of Portfolio Managers in India ('APMI')

Sir / Madam,

Subject: Audit of firm-level performance data of Portfolio Managers

1. As per paragraph 5.3.1 of the SEBI Master Circular No. SEBI/HO/IMD/IMD-POD-1/P/CIR/2023/38 dated March 20, 2023 ('Master Circular'), Portfolio Managers are required to audit firm-level performance data on an annual basis and submit the confirmation of compliance with paragraph 4.5.3 of the Master Circular to SEBI within sixty days of the end of each financial year.
2. As per the aforesaid requirement, Portfolio Managers are required to consider all clients' portfolios managed (i.e. clients of both discretionary and non-discretionary portfolio management services) for the purpose of audit of firm-level performance data.
3. **Standard Terms of Reference by APMI:**
 - 3.1. In order to have uniformity, it has been decided that APMI, in consultation with SEBI, shall specify standardised Terms of Reference ('ToR') for aforesaid audit of firm-level performance data.
 - 3.2. The standard ToR shall *inter-alia* include requirement for Portfolio Managers to consider clients' portfolios under all services for the purpose of audit of firm-level performance data. Performance of advisory clients may be excluded only if performance of such clients, either individually or cumulatively, is not reported or published in any marketing material or website.
 - 3.3. The standard ToR specified by APMI shall be applicable with effect from October 01, 2023, and shall be mandatorily followed by all Portfolio Managers for the purpose of annual audit of firm-level performance data.

4. Submission of reports:

- 4.1. Portfolio Managers shall submit the confirmation of compliance with the requirement of annual audit of firm-level performance data in line with the standard ToR specified by APMI, to SEBI within sixty days from the end of each financial year. The aforesaid report on confirmation of compliance to SEBI shall be certified by Directors/ Partners of the Portfolio Manager or by person(s) authorized by the Board of Directors/Partners of the Portfolio Manager.
- 4.2. Portfolio Managers shall submit audit report on firm-level performance data to SEBI within sixty days from end of each financial year.
5. The provisions of this circular shall come into effect from the date of issuance of this circular.
6. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, read with the provisions of Regulation 43 of SEBI (Portfolio Managers) Regulations, 2020, to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.
7. This circular is available on SEBI website at <http://www.sebi.gov.in> under the category "Legal -> Circulars".

Yours faithfully,

Peter Mardi
Deputy General Manager
Investment Management Department
Tel: 022 - 26449233
Email: peterm@sebi.gov.in