



CLARIFICATION NOTE ON TRANSFER OF PMS BUSINESS BY PORTFOLIO MANAGERS

Sl.No.	Issue raised	SEBI response
1.	Can the Certificate of PMS Registration be transferred to another group company, or does the new company need to apply for a fresh PMS Registration?	Certificate of PMS Registration cannot be transferred. However, Investment Approaches, Client PMS Business can be transferred to a registered portfolio Manager.
2.	Can a client with AUM below Rs.50 lakh be transferred to the new PMS?	Agreed with the response of APMI. All the existing folios of the clients can be transferred, subject to the compliance with the Regulation 23(2) and 24 (1)(b) of SEBI (Portfolio Manager) Regulations, 2020.
3.	Should the client activation/onboarding date in the new PMS remain the same as the original activation date?	Agreed. However, a fresh agreement needs to be obtained once the process of transfer of business is complete. This is in case of renewal of client agreement/ validity nearing expiry.
4.	Can the new PMS show individual client-level past performance from the original start date?	No
5.	Can the new PMS show Investment Approach past performance of the transferor PMS?	No
6.	Is individual client consent required for the transfer, or is general intimation sufficient?	Yes. Client consent is required.
7.	Can the existing PMS Agreement, KYC, and POA continue after the business transfer?	There is no need for re-KYC and fresh PMS Agreement (till the client agreement is in validity). However, POA has to be obtained afresh.
8.	Whether a client Agreement Addendum is adequate for updating the PMS name and SEBI registration number?	Yes, and it should be accompanied with client specific consent. Client agreement needs to be executed afresh with the updated name of PMS, pursuant to the expiry of the validity of the agreement.



9	Can key employees (Principal Officer, Compliance Officer, Fund Manager, and the additional qualified employee under Regulation 7(2)(e)) be transferred from the current PMS to the new PMS?	Yes, they can be transferred/ appointed, provided all the requisite documents (appointment letter indicating pursuant to transfer) are maintained and transferor is surrendering the certificate of registration as per para 4.4 of circular.
10.	Whether Exit option needs to be given to clients, if the transfer is between group entities	Irrespective of whether the transferee is a group entity or not, exit option without any exit load needs to be given to all the clients.