



To: Principal Officers & Compliance Officers of all APMI Members + Non-Members + Portfolio Managers Not Registered with APMI

Subject: Clarification regarding compliance of clause 2.7.3 of SEBI Master Circular

Date: 28th December 2023

Dear All,

This is with reference to SEBI's email to APMI dated 18th October requesting for suggestions wrt to SEBI Circulars dated 30th September'22 & 29th March'23.

1. The said workflow was shared with the members of the APMI Operations & Compliance Committee and views were gathered.
2. Post this, with the approval of the APMI Board, this workflow was submitted to SEBI on 23rd October'23.
3. Taking the submission of APMI into account, please find attached herewith the communication released from SEBI on 27th December'23, which gives further clarifications regarding clause 2.6 & 2.7 of SEBI Master Circular (related to SEBI Circular dated 30th September'22 on Dealing Room)
4. The key points from the attached communication are:
 - Portfolio Managers who have crossed the threshold of Rs.1000 crs of AUM after 1st April'23 but before 27th December'23, shall ensure compliance of clause 2.7.3 of the master circular by 30th June'24.
 - Portfolio Managers who would cross the threshold of Rs.1000 crs of AUM after 27th December'23, shall ensure compliance with clause 2.7.3 of the master circular within 6 months from the end of the month in which the AUM crosses the threshold limit of Rs. 1000 Crs.



- Once the compliance requirement gets applicable, the same shall remain applicable irrespective of the AUM movement.
- The AUM for this purpose shall be the AUM of Discretionary + Non-Discretionary services reported at the end of the month on SEBI & APMI portal.

Submitting the same for your required compliances.

Please note that:

1. APMI Members can reach us through the Query Management Module available post their login.
2. APMI Members are requested to actively participate in the Bi-monthly Compliance Sutra Calls conducted with expert professional advisors appointed by APMI.
3. APMI Members will be able to download their Distributor due diligence reports from APMI portal w.e.f. April'2024.

Warm Regards

Principal Officer- Association of Portfolio Managers in India

B-121, 10th Floor, WeWork- Enam Sambhav

G-Block, Bandra Kurla Complex, Mumbai- 400051

Contact us: <https://apmiindia.org/apmi/contactus.htm>

Web: <https://apmiindia.org/apmi/welcome.htm>



Manager
Investment Management Department
Phone: +91-22 26449856
Email: tarung@sebi.gov.in

SEBI/HO/IMD- POD-1/P/OW/2023/50456/1
December 27, 2023

To
Principal Officer,
Association of Portfolio Managers in India (APMI),
B-121, 10th Floor, WeWork, Enam Sambhav,
C-20, G-Block, Bandra Kurla Complex, Mumbai- 400051
Mumbai - 400 051

Dear Sir,

Sub: Clarification regarding Clause 2.6 and 2.7 of SEBI Master Circular for Portfolio Managers

1. This has reference to the Clauses 2.6 and 2.7 of the SEBI Master Circular for Portfolio Managers dated March 20, 2023 (hereinafter referred to as 'Master Circular'). Pursuant to feedback received from APMI, the matter was examined and the following is clarified:
 - a) Clauses 2.6 and 2.7 of the Master Circular shall be applicable for discretionary and non-discretionary services provided by the Portfolio Manager.
 - b) Clause 2.6 of the Master Circular shall be applicable for co-investment portfolio management service provided by Portfolio Manager. Clause 2.7 of the Master Circular shall not be applicable for co-investment portfolio management service provided by Portfolio Manager.
 - c) Clauses 2.6 and 2.7 of the Master Circular shall not be applicable for advisory services provided by the Portfolio Manager.
 - d) Clause 2.7.3 of the Master Circular *inter alia* mandated Portfolio Managers with assets under management of INR 1000 crores or more under discretionary and non-discretionary services, to have in place an automated system with minimal manual intervention for ensuring effective funds and securities management. In order to ensure compliance with the said Clause, the following may be specified by APMI:
 - i. Portfolio Managers, who have crossed the threshold of INR 1000 crores of AUM after April 01, 2023 but before the date of this letter, shall ensure compliance with the Clause 2.7.3 of the Master Circular by June 30, 2024.



- ii. Portfolio Managers, who would cross the threshold of INR 1000 crores of AUM after the date of this letter, shall ensure compliance with the Clause 2.7.3 of the Master Circular within 6 months from the end of the month in which the AUM crosses the threshold of INR 1000 crores.
 - iii. The AUM for this purpose shall be the total AUM for discretionary and non-discretionary services reported at the end of the month on SEBI/APMI Portal.
 - iv. Once the compliance requirement becomes applicable, the same shall continue to remain applicable.
2. APMI is advised to issue appropriate communication to all Portfolio Managers to this effect.

Yours faithfully

Tarun Kumar Garg