



APMI India &lt;apmi@apmiindia.org&gt;

## APMI IMPORTANT- SECONDARY BENCHMARKS

1 message

APMI India <apmi@apmiindia.org>  
To: support <support@apmiindia.org>

Mon, Oct 7, 2024 at 6:00 PM

**To: The Principal Officers + Compliance Officers of APMI members + Compliance Officers of APMI Non Members + Portfolio Managers not registered with APMI**

Dear All,

In reference to the recommendations made by the Working Group on Ease of Doing Business for Portfolio Management Services, a significant suggestion focused on the selection of secondary benchmarks.

In July'24, we received a communication from the regulator indicating that the current benchmark aligns more closely with the strategy than with the Investment Approach. Consequently, they emphasized the need for a comprehensive exploration of guiding principles for introducing secondary benchmarks and tasked APMI with providing an indicative list of secondary benchmarks, as well as a detailed framework, including the manner and format of disclosure.

Following up on the final submission made by the APMI Benchmarking & Valuation Committee, which was duly approved by the APMI Board, we have received a communication from SEBI today. The **attached letter** contains further details for your reference - <https://www.apmiindia.org/storagebox/images/Circulars/SEBI%20Communication%20on%20Secondary%20Benchmarks.pdf>

The **key points** regarding the selection and disclosure of secondary benchmarks by Portfolio Managers mentioned in this letter are as follows:

- Optional Disclosure:** The selection and disclosure of secondary benchmarks is **purely optional for PM's**.
- Selection Criteria:** If a PM opts to select and disclose a secondary benchmark, it must be chosen from the list of 32 approved benchmarks. This benchmark should align with both the strategy and the primary benchmark.
- Board Responsibility:** The Board of the PM is responsible for ensuring the appropriate selection of a secondary benchmark for each Investment Approach (IA).
- Single Secondary Benchmark Assignment:** Each IA may only have one secondary benchmark assigned.
- Disclosure Norms:** The disclosure norms for secondary benchmarks must align with those for primary benchmarks, and the format for disclosure should be identical.
- Change Process:** Any changes to the secondary benchmark will follow the same procedures as those for changing the primary benchmark, adhering to all relevant rules and regulations.
- Performance Reporting:** Once selected, the performance of the secondary benchmark must be reported in the same manner as the primary benchmark.
- Potential Modifications:** Based on stakeholder feedback, APMI may consult with SEBI to modify the prescribed benchmarks.
- Website Disclosure:** APMI will not disclose the performance of secondary benchmarks on its website; only the performance of primary benchmarks will be displayed.

Submitted for your required compliances.

In case you have any query please feel free to contact us at [support@apmiindia.org](mailto:support@apmiindia.org).

Warm Regards  
Association of Portfolio Managers in India  
B-121, 10th Floor, WeWork Enam Sambhav,  
G-Block, Bandra Kurla Complex,  
Mumbai- 400051



**SEBI Communication on Secondary Benchmarks- 3rd Oct'24.pdf**  
189K



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SEBI/HO/IMD/IMD-PoD-2/P/OW/2024/31192/1  
October 03, 2024

The Principal Officer  
Association of Portfolio Managers in India ('APMI')  
B-121, 10<sup>th</sup> Floor, WeWork, Enam Sambhav,  
G-Block, Bandra Kurla Complex,  
Mumbai – 400051

Dear Sir/Madam,

**Sub: Selection of Secondary Benchmarking for PMS.**


1. This is in respect of recommendation received from Working Group for selection of secondary benchmark for PMS and submissions made by you. Based on the same, following shall be noted:
  - 1.1. Selection of Secondary Benchmark and its disclosure by PMS is purely optional. However, if a Portfolio Manager chooses to select and disclose secondary benchmark then following modalities shall apply:
    - 1.1.1. Secondary Benchmark shall be chosen from the list as enclosed at **Annexure A** (constituting widely tracked and non-bespoke indices which are tracked by passive mutual funds or act as primary benchmark for actively managed mutual funds with collective Assets under Management (AUM) of Rs.25,000 crore and above) of this letter, tagging of which shall be made more closely to Investment Approach. Further, it shall be ensured that the secondary benchmark chosen shall be aligned with both Strategy and Primary Benchmark as well.

In addition, APMI may, in consultation with SEBI, modify the benchmarks prescribed based on the feedback received from the stakeholders and on need arising from the evolution of the industry.
    - 1.1.2. The Board of the Portfolio Managers shall be responsible for ensuring appropriate selection of secondary benchmark for each IA.
    - 1.1.3. In addition to the primary benchmark specified in the APMI Circular dated March 23, 2023 (pursuant to issuance of SEBI letter dated December 16, 2022), the Portfolio Manager can assign only one secondary benchmark to each of their Investment Approach, out of the list prescribed, which shall be consistent with Strategy and Primary Benchmark as well.

- 1.1.4. The disclosure norms for secondary benchmarks should be consistent with those for primary benchmarks, as outlined in the SEBI Circular dated December 2022, and the APMI Circular dated March 23, 2023 pursuant to issuance of SEBI letter dated December 16, 2022.
- 1.1.5. The format for disclosing secondary benchmarks should be the same as that for primary benchmarks, as followed by Portfolio Managers with reference to the SEBI Circular dated December 16, 2022 and the APMI Circular dated March 23, 2023 pursuant to issuance of SEBI letter dated December 16, 2022.
- 1.1.6. Change of secondary benchmark: Any change in secondary benchmark shall follow the same process as of changing the primary benchmark, and all rules and regulations regarding such a change will apply.
- 1.1.7. APMI shall not display the secondary benchmark's performance on its web site. Only the primary benchmark's performance will be displayed.
- 1.1.8. Once selected, the Portfolio Manager must show, in all communication to customers or the public where past performance is tabulated or charted, the performance of the secondary benchmark in the same manner as the primary benchmark.

2. In view of the above, you are advised to communicate the above to all PMs.

Yours faithfully,

  
Kritika  
SEBI

**Annexure A**

**List of Secondary Benchmark (Based on AUM as on August 31, 2024)**

Sr. No.	Index
1	NIFTY 50
2	Nifty Midcap 150
3	NIFTY Liquid Index A-I
4	Nifty Large Midcap 250
5	Nifty Smallcap 250 Index
6	Nifty 100
7	NIFTY 50 Arbitrage
8	S&P BSE Sensex
9	CRISIL Liquid Debt A-I Index
10	CRISIL Hybrid 35+65 - Aggressive Index
11	NIFTY 500 Multicap 50:25:25
12	S&P BSE 100
13	CRISIL Money Market A-I Index
14	NIFTY Corporate Bond Index A-II
15	NIFTY Low Duration Debt Index A-I
16	S&P BSE 250 Small Cap
17	NIFTY Money Market Index A-I
18	NIFTY Short Duration Debt Index A-II
19	CRISIL Liquid Overnight Index
20	Nifty Banking & PSU Debt A-II Index
21	NIFTY Ultra Short Duration Debt Index A-I
22	CRISIL Short Duration Debt A-II Index
23	NIFTY 50 Hybrid Composite Debt 65:35 Index
24	Nifty 200 (65%) + Nifty Composite Debt Index (25%) + Domestic Price of Gold (6%) + Domestic Price of Silver (1%) + iCOMDEX Composite Index (3%)
25	Nifty CPSE
26	S&P BSE Midcap 150
27	NIFTY Equity Savings
28	Nifty Financial services
29	Nifty Bank
30	Nifty India manufacturing
31	Nifty Composite Debt Index A-III
32	BSE India infrastructure