

CIRCULAR

SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/0000000679

December 10, 2021

To,

All Portfolio Managers

Dear Sir/Madam,

Subject: Clarification regarding amendment to SEBI (Portfolio Managers) Regulations, 2020

1. The Securities and Exchange Board of India (Portfolio Managers) Regulations, 2021 (PMS Regulations) were amended vide notification dated November 09, 2021, to facilitate co-investment by investors of Alternative Investment Funds (AIF) through the portfolio management route. Copy of the notification is available at [link](#).
2. In this regard, the following is specified:

2.1. Procedure for undertaking of Co-investment portfolio management services

The Co-investment portfolio management services shall be provided in the following manner:

- i. A Manager of an AIF who is also a SEBI registered Portfolio Manager, and intends to offer Co-investment services through portfolio management route, shall do so only under prior intimation to SEBI.
- ii. Any other Manager who is not a SEBI registered Portfolio Manager, and intends to offer Co-investment services through portfolio management route, shall seek registration from SEBI as a Portfolio Manager in terms of the PMS Regulations. Pursuant to grant of registration, if such Portfolio Manager is desirous of offering portfolio management services other than Co-investment, the same shall be

subject to compliance with all provisions of the PMS Regulations including eligibility criteria, and with the prior approval of SEBI.

2.2. Periodic reporting by Portfolio Managers

- i. In partial modification to provisions of Circular No. SEBI/HO/IMD/DF1/CIR/P/2021/02 dated January 08, 2021, Portfolio Managers shall submit a monthly report regarding their portfolio management activity, on SEBI Intermediaries Portal within 7 working days of the end of each month, as per the revised format enclosed at [Annexure A](#), which includes details of Co-investment offered by Portfolio Manager.
- ii. Further, in modification to paragraph D.12 of Circular No. SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020, Portfolio Managers shall furnish a report to their clients on a quarterly basis, as per the revised format enclosed at [Annexure B](#), which includes details of Co-investment offered by Portfolio Manager.

2.3. Fees and charges

- i. In partial modification to paragraph A.3 of Circular No. SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020, the provisions with respect to fees and charges as specified therein, shall not be applicable to Co-investment services. The provisions of the aforesaid paragraph A.3 shall remain unchanged for portfolio management services other than Co-investment.

2.4. Direct on-boarding of clients by Portfolio Managers

- i. In partial modification to paragraph B of Circular No. SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020, the provisions with respect to direct on-boarding of clients by Portfolio Managers as specified therein, shall not be applicable to Co-investment services. The provisions of the aforesaid paragraph B shall remain unchanged for portfolio management services other than Co-investment.

3. The reporting requirements as per the revised formats mentioned at paragraph 2.2 of this Circular, shall be applicable for monthly reports to SEBI and quarterly reports to clients, from the month of April 2022 onwards. The remaining provisions of this Circular shall come into effect from the date of applicability of the aforesaid notification, as available in the [link](#).
4. This Circular is issued in exercise of powers conferred under Section 11(1) of the SEBI Act, 1992 read with the provisions of Regulation 43 of the 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.
5. The circular is available on SEBI website at www.sebi.gov.in under the categories "Info for –Portfolio Managers" and "Legal framework -Circulars".

Yours faithfully,

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General Manager

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