



**CIRCULAR**

SEBI/HO/IMD-1/ DOF1/P/CIR/2022/77

**June 02, 2022**

To,

**All Portfolio Managers**

Sir / Madam,

**Subject: Procedure for seeking prior approval for change in control of Portfolio Managers**

1. Regulation 11(aa) of SEBI (Portfolio Managers) Regulations, 2020 provides that a Portfolio Manager shall obtain prior approval of SEBI in case of change in control in such manner as may be specified by SEBI. Vide Circular No. SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/564 dated May 12, 2021, the procedure for obtaining prior approval in case of change in control of Portfolio Managers was specified.
2. To further streamline the process of providing approval to the proposed change in control of a Portfolio Manager, in modification to Circular dated May 12, 2021 it has been decided as under:
  - (i) An online application shall be made by Portfolio Manager to SEBI for prior approval through the SEBI Intermediary Portal (<https://siportal.sebi.gov.in>).
  - (ii) The prior approval granted by SEBI shall be valid for a period of six months from the date of such approval.

- (iii) Applications for fresh registration pursuant to change in control shall be made to SEBI within six months from the date of prior approval.
- (iv) Pursuant to grant of prior approval by SEBI, in order to enable existing investors/ clients to take well informed decision regarding their continuance or otherwise with the changed management, the portfolio manager shall inform its existing investors/ clients about the proposed change prior to effecting the same and give an option to exit without any exit load, within a period of not less than 30 calendar days, from the date of such communication.
- (v) In matters which involve scheme(s) of arrangement which needs sanction of the National Company Law Tribunal (“NCLT”) in terms of the provisions of the Companies Act, 2013, the Portfolio Manager shall ensure the following:
- a. The application seeking approval for the proposed change in control under Regulation 11(aa) shall be filed with SEBI prior to filing the application with NCLT;
  - b. Upon being satisfied with compliance of the applicable regulatory requirements, in-principle approval will be granted by SEBI;
  - c. The validity of such in-principle approval shall be three months from the date of such approval, within which the relevant application shall be made to NCLT;
  - d. Within 15 days from the date of order of NCLT, Portfolio Manager shall submit an online application in terms of paragraph 2(i) of this Circular along with the following documents to SEBI for final approval:
    - Copy of the NCLT Order approving the scheme;
    - Copy of the approved scheme;
    - Statement explaining modifications, if any, in the approved scheme *vis-à-vis* the draft scheme and the reasons for the same; and

- Details of compliance with the conditions/ observations mentioned in the in-principle approval provided by SEBI.
- e. All other provisions mentioned at paragraph 2(ii)-(iv) of this Circular regarding the procedure for seeking prior approval for change in control of Portfolio Managers, shall also apply.
3. The provisions of this Circular shall be applicable with effect from June 15, 2022 to all applications for approval of applications of change in control of Portfolio Manager and Circular No. SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/564 dated May 12, 2021 shall stand superseded with effect from the date of applicability of this Circular.
4. 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 Regulation 43 of the SEBI (Portfolio Managers) Regulations, 2020, to protect the interests of investors in securities market 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](http://www.sebi.gov.in) under the categories "Info for – Portfolio Managers" and "Legal framework - Circulars".

Yours faithfully,

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