

Info Capsule

14th January, 2020



**THE INSTITUTE OF
Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

www.icsi.edu

GUIDELINES FOR PORTFOLIO MANAGERS Circular No. SEBI/HO/IMD/DF1/CIR/P/2020/26 (Dated 13th February, 2020)

1. SEBI based on the recommendations of a Working Group and inputs from public consultation, reviewed the framework for regulation of Portfolio Managers and the SEBI (Portfolio Managers) Regulations, 2020 (“PMS Regulations”) has been notified on January 16, 2020.
2. In addition to the above, certain changes to the regulatory framework for Portfolio Managers have been mandated, as under:
3. In partial modification to Cir. /IMD/DF/13/2010 dated October 05, 2010 on Regulation of Fees and Charges, the following is mandated:
 - (i) As provided in Regulation 22 (11) of the PMS Regulations, no upfront fees shall be charged by the Portfolio Managers, either directly or indirectly, to the clients.
 - (ii) Brokerage at actuals shall be charged to clients as expense.
 - (iii) Operating expenses excluding brokerage, over and above the fees charged for Portfolio Management Service, shall not exceed 0.50% per annum of the client’s average daily Assets under Management (AUM).
 - (iv) In case client portfolio is redeemed in part or full, the exit load charged shall be as under:
 - a) In the first year of investment, maximum of 3% of the amount redeemed.
 - b) In the second year of investment, maximum of 2% of the amount redeemed.
 - c) In the third year of investment, maximum of 1% of the amount redeemed.
 - d) After a period of three years from the date of investment, no exit load.
4. The Circular further elaborates on Periodic reporting by Portfolio Managers, uniformity of investment approaches, Direct on-boarding of clients by Portfolio Managers, Reporting of Performance by Portfolio Managers, Reporting of Performance by Portfolio Managers, etc.
5. The provisions of this Circular shall be applicable with effect from May 01, 2020.

The Circular is available at: https://www.sebi.gov.in/legal/circulars/feb-2020/guidelines-for-portfolio-managers_45981.html