



**Consultation Paper on SEBI (Portfolio Managers) Regulations, 1993**

**1. Objective:**

- 1.1. The objective of the consultation paper is to seek comments / views from the public on the proposal to amend the SEBI (Portfolio Managers) Regulations, 1993 ("PMS Regulations").

**2. Background:**

- 2.1. SEBI (Portfolio Managers) Regulations, 1993 were notified on January 07, 1993. The said Regulations, inter alia, provide for registration, operations and governance of Portfolio Managers. Certain amendments were carried out in the PMS Regulations in February 2012, including increase in investment threshold from Rs 5 Lacs to Rs 25 Lacs.

- 2.2. SEBI, considering the need for a comprehensive review of SEBI (Portfolio Managers) Regulations, 1993, set up a working Group of industry participants, with the following terms of reference:

- (a) To review SEBI (Portfolio Managers) Regulations, 1993 including need for improvement in transparency.
- (b) To study the role of distributors in Portfolio Management and necessary disclosures.
- (c) To evaluate the performance disclosures by Portfolio Managers and changes in reporting format.
- (d) Any other matter considered relevant by the working group.

- 2.3. The major recommendations of the Working Group touch upon the following issues:

- (a) Enhancement of Qualifying Criteria for employees of Portfolio Manager (Educational Qualification and Work Experience)
- (b) Enhancement of Capital Adequacy Requirement of Portfolio Manager
- (c) Product Suitability in PMS (Minimum investment threshold for clients)
- (d) Adoption of Nomenclature "Investment Approach"
- (e) Performance Reporting by Portfolio Managers
- (f) Supervision of Distributors of PMS
- (g) Reporting and Disclosure Requirements of Portfolio Managers
- (h) Ease of on-boarding clients
- (i) Rationalization of fees and expenses



(j) Other Issues

- 2.4. Since a comprehensive review of the extant PMS Regulations has been carried out, the Working Group was of the view that the extant SEBI (Portfolio Managers) Regulations, 1993 may be redrafted as SEBI (Portfolio Managers) Regulations, 2019.
- 2.5. Changes have also been made to Form-A (Schedule I of PMS Regulations) i.e. the application filed with SEBI for seeking registration as Portfolio Manager.
- 2.6. A copy of the report of the Working Group on SEBI PMS Regulations is placed at [Annexure-I](#). The draft new Regulation i.e. SEBI (Portfolio Managers) Regulations, 2019 is placed at [Annexure-II](#).

**3. Public Comments:**

- 3.1. Comments from public are invited on the various recommendations in the report of the Working Group on PMS Regulations as well as the proposed SEBI (Portfolio Managers) Regulations, 2019. The comments should reach SEBI latest by August 30, 2019.

The comments may be sent to [pmsreview@sebi.gov.in](mailto:pmsreview@sebi.gov.in).

- 3.2. Comments/ suggestions may kindly be provided in the format given below:

Name of the Entity/ Person:			
Sl. No.	Paragraph of the Working Group Report	Suggestions	Rational

Name of the Entity/ Person:			
Sl. No.	Regulation No. of the draft PMS Regulations	Suggestions	Rational