



भारतीय प्रतिभूति  
और विनिमय बोर्ड  
Securities and Exchange  
Board of India

GENERAL MANAGER  
INVESTMENT MANAGEMENT DEPARTMENT  
DIVISION OF FUNDS-1

SEBI/HO/IMD/DF1/OW/P/2021/3186/1  
February 05, 2021

**Mr. K Rajagopal**

Sundaram Alternate Assets Limited  
Sundaram Towers,  
1<sup>st</sup> & 2<sup>nd</sup> Floor, Door. No. 46,  
Whites Road, Royapettah  
Chennai - 600014

Dear Sir,

**Sub: Request for interpretative letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 in connection with the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 and the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 by Sundaram Alternate Assets Limited**

1. This has reference to your letter dated September 25, 2020 seeking an interpretative letter under the SEBI (Informal Guidance) Scheme, 2003 and further correspondence.
2. In your letters under reference you have represented Sundaram Alternate Assets Limited as a SEBI registered Portfolio Manager with registration number INP000006271, and as a Fund Manager to SEBI registered Alternative Investment Funds.
3. In view of the above, you have sought an interpretive letter under the SEBI (Informal Guidance) Scheme, 2003 from SEBI on the following:
  - 3.1. Whether our understanding, that no separate registration under the IA Regulations is required to render investment advice to general investors as we are also a fund manager of an AIF apart from being registered as a Portfolio Manager, is correct? Whether we are required to comply with general obligations and responsibilities under Chapter III of the SEBI (Investment Advisers) Regulations, 2013 (IA Regulations)?

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सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा-कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.  
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर.एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.  
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3.2. As the definition of Portfolio Manager includes the term 'advises', whether the minimum investment amount per client of INR 50 lakhs, as per SEBI (Portfolio Managers) Regulations, 2020 (PMS Regulations), would apply for advisory services?

#### 4. Our Comments

The submissions made in your letters have been considered, and without necessarily agreeing with your analysis, our view on the issues raised in your letters are as under:

4.1. Regulation 4 of the IA Regulations, provides, *inter alia*, as under -,

*"The following persons shall not be required to seek registration under regulation 3 subject to the fulfillment of the conditions stipulated therefor-*

*(g) Any stock broker or sub-broker registered under SEBI (Stock Broker and Sub-Broker) Regulations, 1992, portfolio manager registered under SEBI (Portfolio Managers) Regulations, 1993 or merchant banker registered under SEBI (Merchant Bankers) Regulations, 1992, who provides any investment advice to its clients incidental to their primary activity:*

*Provided that such intermediaries shall comply with the general obligation(s) and responsibilities as specified in Chapter III of these regulations*

*Provided further that existing portfolio manager offering only investment advisory services may apply for registration under these regulations after expiry of his current certificate of registration as a portfolio manager*

*(h) Any fund manager, by whatever name called of a mutual fund, alternative investment fund or any other intermediary or entity registered with the Board;"*

In terms of queries asked in Para 3.1, as per clause (h) of Regulation 4 stated above, a fund manager of an AIF is exempted from seeking registration under the IA Regulations for rendering investment advice to its clients. Further, the proviso specifying compliance with general obligations and responsibilities under Chapter III of the said regulations is not applicable to an entity in its capacity as fund manager of AIF.

A Portfolio Manager registered under the PMS Regulations is also exempted from seeking registration as an Investment Adviser when it provides any incidental investment advice to its clients. However, the portfolio manager would be required



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to comply with general obligations and responsibilities under Chapter III of the IA Regulations, where it renders advisory services to clients in terms of the portfolio management agreement signed between the client and portfolio manager.

4.2. Regulation 23(2) of the PMS Regulations, provides as under –

*"23. General responsibilities of a Portfolio Manager*

*(1).....*

*(2) The portfolio manager shall not accept from the client, funds or securities worth less than fifty lakh rupees*

In terms of queries asked in para 3.2, it is stated that the minimum investment amount per client of INR 50 lakhs is applicable for advisory services as per sub-regulation (2) of Regulation 23 of the PMS Regulations.

5. This above position is based on the information furnished in your letters under reference. Different facts or conditions might lead to different interpretation. Further this letter does not express decision of the Board on the questions referred.
6. You may note that the above views are expressed only with respect to the clarification sought in your letters under reference with respect to the SEBI (Investment Advisers) Regulations, 2013 and the SEBI (Portfolio Managers) Regulations, 2020 and do not affect the applicability of any other law and requirements of any other SEBI Regulations, guidelines and circulars administered by SEBI or of the laws administered by any other authority.

**Yours faithfully,**

  
**Manaswini Mahapatra**