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Sr. No.	Proposal	Confirmity to Proposal	Comments	Rationale
1	Do you agree with the proposal of specifically permitting portfolio managers to invest in "to be listed securities"?	Partially Agree	**We partially agree with the proposal.** While permitting Portfolio Managers to invest in "to be listed securities" would expand the investment universe and provide investors with greater portfolio diversification opportunities, certain regulatory and investor protection aspects require further clarification before implementation. We recommend that SEBI consider the following:	-
			1 Explicitly permit participation in the Anchor Book: Since PMS investments are made in the name of the respective clients and IPO applications are submitted by the Portfolio Manager on behalf of the clients, SEBI should expressly clarify that Portfolio Managers are permitted to participate in the anchor investor portion of IPOs, subject to the applicable eligibility requirements.	Since the objective of the proposal is to expand investment opportunities for PMS clients, SEBI should expressly clarify that Portfolio Managers may participate in the anchor investor portion of IPOs on behalf of their clients. As PMS investments are made in the client's own name, such clarification would remove operational ambiguity, ensure uniform implementation by market intermediaries, and enable PMS clients to access institutional IPO allocations without compromising investor protection or the existing ownership framework.
			2. **Prescribe exposure limits:** SEBI should specify an appropriate prudential limit on investments in "to be listed securities" at the portfolio level or issue level to manage concentration, liquidity, and listing risks.	Since "to be listed securities" are subject to listing, liquidity, and execution risks until they commence trading on a recognized stock exchange, SEBI should prescribe appropriate exposure limits for such investments. A prudential cap at the portfolio or issue level would help mitigate concentration risk, ensure adequate diversification, and protect investors from excessive exposure to securities that have not yet been listed, while continuing to provide Portfolio Managers with greater investment flexibility.
			3.**Clarify treatment where listing does not materialise:** The consultation paper should provide clarity on the regulatory treatment of securities where the proposed listing is withdrawn, cancelled, or otherwise does not materialise. This should include guidance on valuation, holding period, exit mechanism, and compliance requirements for Portfolio Managers.	Since there is a possibility that a proposed listing may be withdrawn, cancelled, or fail to materialise, SEBI should clarify the regulatory treatment of such securities. Clear guidance on valuation, continued holding, exit mechanisms, disclosure obligations, and compliance requirements will provide regulatory certainty, ensure consistent implementation by Portfolio Managers, and safeguard investor interests in cases where a "to be listed security" ultimately remains unlisted.
			4. **Strengthen investor protection:** SEBI should specify the remedies available to investors and the responsibilities of Portfolio Managers where a "to be listed security" ultimately remains unlisted. Since unlisted securities are currently outside the permitted investment universe under the PMS Regulations, appropriate safeguards are necessary to ensure regulatory certainty and investor protection.	Since "to be listed securities" may, in exceptional circumstances, remain unlisted, SEBI should specify the remedies available to investors and the corresponding responsibilities of Portfolio Managers. Clear regulatory safeguards relating to disclosures, valuation, reporting, and investor communication would provide certainty, strengthen investor protection, and ensure consistent treatment of such cases under the PMS regulatory framework.
2	Do you agree with the proposal of permitting a portfolio manager to invest upto 10% of its client's AUM in investment grade unlisted debt securities under DPMS?	Agree	We agree with the proposal to permit Portfolio Managers offering Discretionary Portfolio Management Services (DPMS) to invest up to 10% of a client's AUM in investment-grade unlisted debt securities. The proposal enhances investment flexibility and enables Portfolio Managers to access a broader universe of high-quality debt instruments while maintaining a prudent exposure limit. However, to ensure robust risk management and investor protection, we recommend that SEBI consider the following:	-
			1. **Prescribe a standardized valuation framework:** Since these securities are unlisted, SEBI should mandate a uniform valuation methodology. Valuation may be carried out using the appropriate Government Security yield curve along with the credit spread applicable to the respective credit rating (AAA, AA, A, BBB, etc.) published by FIMMDA, applying the Yield to Maturity (YTM) methodology.	Ensures fair, consistent, and transparent valuation of unlisted debt securities across all Portfolio Managers and minimizes valuation subjectivity.
			2. **Enhance valuation disclosures:** Portfolio Managers should disclose the valuation methodology, assumptions, and pricing sources adopted for valuing unlisted debt securities to ensure transparency and consistency across the industry.	Improves transparency, enables investors to understand pricing methodology, and enhances confidence in reported portfolio values.
			3. Introduce issuer-wise exposure limits: In addition to the overall 10% AUM limit, SEBI may prescribe an exposure limit for a single issuer to mitigate concentration risk and promote adequate diversification.	The overall 10% cap alone does not prevent concentration in a single issuer. An issuer-wise cap reduces issuer-specific credit risk.
			4. Monitor group-level exposure: SEBI should also consider prescribing limits on exposure to companies belonging to the same promoter group or related parties. This would prevent excessive concentration where a PMS portfolio already holds listed securities of a group and subsequently invests in unlisted debt securities issued by another entity within the same group.	Exposure should be assessed on a group basis to prevent indirect concentration where investments are spread across multiple entities belonging to the same promoter group, thereby strengthening portfolio diversification and risk management.
3 €	Do you agree with the proposal of permitting a portfolio manager to invest in foreign securities?	Partially Agree	**We partially agree with the proposal.** We support SEBI's objective of allowing Portfolio Managers to invest in foreign securities as it will provide Indian investors with global diversification opportunities, establish regulatory parity with Mutual Funds, AIFs and IFSC Portfolio Managers, and enable overseas investments through a professionally managed and regulated framework. However, considering the operational, regulatory and cross-border risks involved, we recommend that SEBI prescribe a comprehensive implementation framework before operationalizing the proposal:	-
			1**. Clarify Exposure Framework :** While we support permitting overseas investments under PMS, SEBI may consider prescribing an appropriate exposure framework during the initial implementation phase. Although there were differing views on prescribing a quantitative cap, a calibrated approach would help manage concentration, market, and operational risks during the initial years of implementation. Alternatively, if SEBI decides not to prescribe a portfolio-level cap, it may introduce other risk-management safeguards such as enhanced disclosures, suitability assessment, investment governance standards, or client consent requirements to ensure prudent deployment of client funds.	Overseas investments expose investors to additional risks, including currency, geopolitical, regulatory, taxation, and operational risks, which are distinct from domestic investments. Accordingly, an appropriate exposure framework during the initial implementation phase would support prudent adoption while protecting investor interests. However, a rigid quantitative cap may unnecessarily restrict investors seeking global diversification. Therefore, if SEBI does not prescribe an exposure limit, it should introduce alternative safeguards such as enhanced disclosures, suitability assessments, investment governance standards, and explicit client consent to ensure prudent risk management without limiting investor choice.
			2. Framework for Portfolio Manager Expertise: Since overseas investing requires specialised research capabilities and an understanding of foreign markets, regulations, and taxation, SEBI should require Portfolio Managers to establish an appropriate governance and investment framework for overseas investments. Rather than prescribing rigid eligibility criteria or requiring a prior track record—which may not be feasible as overseas investments by PMS are currently not permitted—Portfolio Managers should maintain documented investment processes, adequate research capabilities, clearly defined overseas investment strategies, and robust risk management systems. These disclosures would enable investors to assess the Portfolio Manager's preparedness and expertise before investing.	Overseas investments require specialised research capabilities and strong governance due to differences in foreign regulations, taxation, accounting standards, market practices, and geopolitical risks. While it is important to ensure that Portfolio Managers possess the necessary expertise, requiring a prior overseas investment track record may not be feasible since such investments are currently not permitted under the PMS Regulations. Therefore, instead of prescribing rigid eligibility criteria, SEBI should require Portfolio Managers to maintain robust research capabilities, documented investment processes, clearly defined overseas investment strategies, and sound risk management frameworks. This approach would enhance investor confidence while avoiding unnecessary barriers to market development.
			3.Compliance with FEMA & LRS :SEBI should provide greater operational clarity on compliance with FEMA and the Liberalised Remittance Scheme (LRS). The regulatory framework should clearly specify the responsibilities of Portfolio Managers with respect to monitoring clients' LRS limits, reporting obligations, treatment of multiple remittances, reinvestment of overseas sale proceeds, and compliance with applicable FEMA requirements. SEBI should also clarify the operational treatment of redemptions, fresh investments, and situations where repeated remittances may impact a client's overall LRS limit, thereby ensuring consistent implementation across the industry.	Since overseas investments under PMS will be subject to both the PMS Regulations and FEMA/LRS requirements, a clear operational framework is essential to avoid regulatory ambiguity and inconsistent industry practices. SEBI should clarify the responsibilities of Portfolio Managers regarding monitoring clients' LRS limits, reporting obligations, treatment of remittances, redemptions, reinvestment of proceeds, and compliance with FEMA requirements. Such clarity will facilitate smooth implementation, reduce compliance risk, and ensure consistent practices across the PMS industry while protecting investors.
			4.Mandatory Risk Disclosures: Portfolio Managers should be required to provide comprehensive disclosures to clients before undertaking overseas investments. Such disclosures should include country risk, currency risk, political and regulatory risks, taxation implications, and the hedging policy adopted for managing foreign exchange exposure. Providing these disclosures upfront will enable investors to make informed investment decisions and better understand the additional risks associated with international investing.	Unlike domestic investments, overseas investments involve additional risks such as currency fluctuations, country-specific political and regulatory developments, foreign taxation, and foreign exchange hedging risks. These factors can significantly impact investment returns and may not be fully understood by investors. Therefore, SEBI should mandate comprehensive pre-investment disclosures to enable investors to make informed decisions, improve transparency, and strengthen investor protection in line with the principles of fair disclosure under the PMS framework.
			5. Cross-border Tax Risks: SEBI should require Portfolio Managers to adequately disclose material cross-border tax implications associated with overseas investments, **including estate tax, inheritance tax, succession laws, withholding taxes, and other jurisdiction-specific tax obligations**. As many investors may not be familiar with foreign tax regimes, such disclosures would improve investor awareness, facilitate informed decision-making, and reduce the risk of unforeseen tax liabilities arising from overseas investments.	Overseas investments are subject to the tax and succession laws of the respective foreign jurisdictions, which may include estate tax, inheritance tax, withholding tax, and other jurisdiction-specific tax obligations. These taxes can have a significant financial impact and may not be widely understood by Indian investors. Accordingly, SEBI should mandate appropriate disclosures by Portfolio Managers regarding these cross-border tax implications to enable informed decision-making, reduce the risk of unforeseen tax liabilities, and enhance investor protection through greater transparency.
			6.Operational Responsibilities: SEBI should clearly define the operational responsibilities of Portfolio Managers in relation to overseas investments, including transmission of securities upon the investor's demise, nominee and succession processes, taxation-related compliance, cross-border settlement, corporate actions, regulatory reporting, and investor servicing. A clearly defined operational framework will reduce ambiguity, improve operational efficiency, and ensure seamless administration of overseas investments throughout their lifecycle.	Overseas investments are operationally more complex than domestic investments due to differing legal, regulatory, settlement, taxation, and succession frameworks across jurisdictions. Without clear regulatory guidance, Portfolio Managers may adopt inconsistent practices in relation to transmission, nominee processes, corporate actions, cross-border settlements, regulatory reporting, and investor servicing. Accordingly, SEBI should clearly define the operational responsibilities of Portfolio Managers to ensure consistent implementation, reduce operational risks, enhance investor protection, and facilitate efficient administration of overseas investments throughout their lifecycle.
4	If yes, do you agree with the list of permitted instruments mentioned at para 2.3.1?	Partially Agree	We **partially agree** with the proposed list of permitted instruments. The proposed categories of listed equity securities, listed debt securities, overseas mutual funds, and listed REITs provide an appropriate starting point for enabling overseas investments under the Portfolio Management Services (PMS) framework. However, we recommend certain modifications and additional safeguards: SEBI may also consider permitting investments in **Exchange Traded Funds (ETFs)** listed on recognized overseas stock exchanges in addition to the proposed overseas mutual funds. ETFs offer investors an additional investment avenue and are widely used for gaining diversified exposure to international markets. There were differing views regarding the mode of overseas investments. One view favoured initially restricting overseas investments to overseas mutual funds, considering the benefits of professional management and diversification. The alternate view supported permitting direct investments in overseas securities to provide greater investment flexibility and avoid the additional costs associated with investing through overseas mutual funds. Irrespective of the approach adopted by SEBI, it is recommended that Portfolio Managers be required to maintain an appropriate governance, disclosure, and risk management framework for overseas investments. Further, Portfolio Managers should disclose their overseas research process, investment framework, security selection methodology, country allocation methodology, and overall risk management framework. Such disclosures would enable investors to better understand the Portfolio Manager's investment approach and make informed investment decisions.	Overseas investments provide investors with access to global markets and greater portfolio diversification; however, they also involve additional complexities relating to investment products, market practices, regulatory environments, and operational processes across different jurisdictions. While the proposed list of permitted instruments provides an appropriate starting point, including **Exchange Traded Funds (ETFs)** would broaden the range of investment options available to Portfolio Managers and clients. ETFs are globally recognized investment vehicles that facilitate efficient access to diversified international markets and complement the existing categories of overseas mutual funds. Further, there may be differing investment objectives among PMS clients. Some investors may prefer the diversified exposure offered by overseas mutual funds, while others may seek direct exposure to overseas securities through a professionally managed portfolio. Accordingly, irrespective of the investment route permitted by SEBI, it is important that Portfolio Managers maintain robust governance, disclosure, and risk management frameworks to ensure that overseas investments are undertaken in a prudent and transparent manner. Additionally, overseas investments require specialised research capabilities and involve unique risks relating to foreign markets, sectors, and jurisdictions. Therefore, requiring Portfolio Managers to disclose their overseas research process, investment framework, security selection methodology, country allocation methodology, and risk management framework would enhance transparency, enable investors to better understand the investment approach being adopted, and facilitate informed investment decisions. Such disclosures would also promote consistency in industry practices and strengthen investor confidence in overseas investment offerings under the PMS framework.
5	Do you agree with the proposal of allowing a MF only PMS (MF- PMS)	Strongly Agree	-	-
6	If yes, whether the relaxation proposed for minimum ticket size, reduced net worth, relaxation in qualification, experience and certification of the Principal Officer, additional employee, dealing room requirements, waiver from exit load appropriate?	Strongly Agree	-	-
7	Whether charging of management fees with a cap of 2.5% of client's AUM, segregation of activities and client-level segregation appropriate?	Strongly Agree	-	-
8	Should the MF-PMS be allowed to charge performance based fees considering that it is providing service of only scheme selection and individual stock picking will be done by the mutual fund-fund manager?	Strongly Agree	**We strongly agree** with the proposal to permit MF-PMS providers to charge performance-based fees, subject to the explicit consent of the client. Although the underlying securities are selected by the mutual fund manager, the Portfolio Manager continues to provide value through fund selection, asset allocation, portfolio construction, rebalancing, execution, and ongoing portfolio monitoring, all of which can materially influence portfolio performance. Accordingly, Portfolio Managers should have the flexibility to offer fixed fees, performance-based fees, or a combination of both, based on mutual agreement with the client. However, to ensure transparency and informed decision-making, the methodology for calculating performance-based fees should be clearly disclosed, supported by appropriate fee illustrations, and accepted through explicit client consent before onboarding. This would enable investors to understand the fee structure while allowing market forces and client preferences to determine the most appropriate fee model.	The Portfolio Manager adds value beyond the underlying mutual fund by undertaking fund selection, asset allocation, portfolio construction, rebalancing, execution, and ongoing portfolio monitoring, all of which can materially influence investment outcomes. Therefore, Portfolio Managers should have the flexibility to charge performance-based fees where agreed by the client. At the same time, clear disclosure of the fee calculation methodology, illustrative examples, and explicit client consent are essential to ensure that investors understand the fee structure and can make informed decisions. This approach balances investor protection with market-driven flexibility in fee arrangements.
9	Should there be any other safeguards or conditions specified for the MF-PMS framework? Mention the conditions or safeguards along with rationale.	No Comment	-	-
10	Do you agree with quantum of total exposure to be permitted with the use of exchange traded derivatives? If no, provide rationale.	Strongly Agree	We agree with the proposal to permit greater flexibility in the use of exchange traded derivatives, as it aligns the PMS framework with other investment products.SEBI may evaluate the appropriate exposure limit ,in the future, considering market experience, investor protection, and regulatory consistency.	-
11	Do you agree with the manner of calculation of exposure as detailed in Annexure C? If no, provide an alternative with rationale.	Not Agree	**We are not agree with proposal.** The proposed methodology under Annexure C does not appear to provide for netting in its true sense. For defined-risk option strategies, exposure should be determined based on the maximum potential loss of the combined position, rather than the strike price of the sold option leg. For example, in a bought debit put spread, where the 24,800 PE is bought for ₹80 and the 24,600 PE is sold for ₹50, the maximum loss is limited to the net debit of ₹30. Similarly, in a short call spread involving a 25,200 CE sold for ₹90 and a 25,400 CE bought for ₹60, the maximum loss is limited to ₹170 per unit (₹200 spread less ₹30 net premium received). **Accordingly, we recommend that Annexure C provide for strategy-level netting based on the maximum potential loss for defined-risk hedged positions, rather than calculating exposure based on the individual sold option leg. This would more accurately reflect the actual risk of the combined position.**	The proposed approach may overstate the exposure of defined-risk hedged option positions by considering the exposure of the individual sold option leg rather than the net risk of the combined strategy. Applying netting at the strategy level based on the maximum potential loss would provide a more accurate representation of the position's actual risk and ensure that the exposure calculation appropriately reflects the risk-reducing effect of the hedge.
12	Do you agree with the limit on unhedged short positions and limit on options? If no, provide rationale.	Agree	We agree with the proposed limits on unhedged short positions and options exposure. However, we recommend that option exposures should be calculated on a net premium basis rather than a gross premium basis. Since option strategies often involve offsetting positions that reduce the overall economic exposure and risk, calculating exposure on a net basis would provide a more accurate reflection of the actual risk undertaken by the portfolio.	-
13	Should there be any other limits or suggestion on the usage of exchange traded derivatives contracts by the portfolio managers?	Agree	We recommend that SEBI should consider permitting Portfolio Managers to utilise the complete range of exchange traded derivative products, including **equity, currency, interest rate, and commodity derivatives, rather than limiting the framework to specified derivative contracts. In particular, where Portfolio Managers are permitted to invest in overseas securities, corresponding exchange traded currency derivatives should also be permitted to facilitate effective management of foreign exchange risk. Further, Portfolio Managers should maintain an appropriate currency hedging framework for overseas investments**. Additionally, SEBI may evaluate whether exposure calculations for option strategies could alternatively be based on **net exposure, maximum potential loss, or margin-based methodologies, wherever appropriate, to better reflect the actual economic risk of derivative positions.**	The Portfolio Manager adds value beyond the underlying mutual fund by undertaking fund selection, asset allocation, portfolio construction, rebalancing, execution, and ongoing portfolio monitoring, all of which can materially influence investment outcomes. Therefore, Portfolio Managers should have the flexibility to charge performance-based fees where agreed by the client. At the same time, clear disclosure of the fee calculation methodology, illustrative examples, and explicit client consent are essential to ensure that investors understand the fee structure and can make informed decisions. This approach balances investor protection with market-driven flexibility in fee arrangements.
14	Do you agree with the aforesaid ease of compliance measures? If no, provide rationale.	Agree	We broadly agree with the proposals, however we recommend that SEBI should consider	-
			3.2 We **partially agree** with the proposal to rationalise the minimum educational qualification for the Principal Officer. While the objective of promoting ease of doing business is appreciated, **merely prescribing a graduation degree in any discipline may dilute the competency standards expected from individuals responsible for the management and administration of Portfolio Management Services (PMS)**. Accordingly, **we recommend that the eligibility criteria should require a graduation degree along with a recognised professional qualification in finance, such as CFA Charterholder, Chartered Accountant, or other equivalent professional qualifications recognised by SEBI.** Further, SEBI may consider **strengthening the existing NISM certification framework** by enhancing its curriculum to cover areas such as **financial statement analysis, corporate governance, ethics, investment analysis, and portfolio management, thereby ensuring that Principal Officers possess the requisite knowledge and competencies for effectively discharging their responsibilities.**	The Principal Officer is responsible for the management and administration of Portfolio Management Services and, therefore, should possess an appropriate level of financial knowledge and professional competence. While simplifying eligibility requirements supports ease of doing business, requiring a graduation degree along with a recognised professional qualification and strengthening the NISM certification framework would help ensure that Principal Officers possess adequate knowledge of investment management, financial analysis, governance, and ethics, thereby promoting higher professional standards and investor protection.
			3.3 We are broadly agree with the proposal, however SEBI may consider to mark lien on the prescribed liquid assets or bank deposits, similar to requirements applicable to certain other regulated intermediaries The purpose of such a lien would be to ensure that the funds remain available for regulatory purposes or situations involving investor grievances, Arbitration proceedings or compensation payable to investors, wherever applicable.	-
			3.7 We agree with the proposal. However, SEBI should provide greater clarity by defining the term **"short-term deployment."** Further, SEBI should clarify the operational framework, including:**1. how investments in liquid mutual funds would be undertaken, 2. how the units would ultimately be allocated to individual clients, and 3. how investor interests would continue to be protected throughout the process.**	-
			3.12 We agree with the proposal requiring Portfolio Managers to commence business activities within three years by achieving a minimum of 10 clients or an AUM of ₹5 crore. However, SEBI should provide greater clarity on the regulatory consequences where these thresholds are not met within the stipulated period. In particular, the framework should clearly specify the process to be followed in such cases, including whether the registration would automatically lapse, the procedure for closure of operations, whether SEBI may grant an extension in appropriate circumstances, and whether a fresh registration would be required if the Portfolio Manager intends to recommence operations at a later stage. Such operational clarity would facilitate consistent implementation and reduce regulatory uncertainty for market participants.	-
15	Are there any other suggestions for consolidation and simplification of portfolio managers Regulations. If yes, please mention along with rationale.	No Comment	-	-
16	Whether there are any existing provisions that should have been retained but appear to have been omitted in the proposed draft Portfolio Managers Regulation?	No Comment	-	-
17	Whether there are any provisions that may require further clarification, consolidation or cross-referencing?	No Comment	-	-
18	Whether there are any other suggestions on the proposed draft Portfolio Managers Regulations?	No Comment	-	-
19	Do you agree with proposal of modification of grandfathering clauses mentioned at para 5.6 and para 5.7 above?	Partially Agree	We **partially agree** with the proposal. With respect to **para 5.6,** while we support the objective of creating a uniform minimum investment threshold of INR 50 lakhs for all PMS clients, **we recommend reducing the proposed transition period from 36 months to 24 months,** considering that the revised minimum investment threshold has already been in effect since 2020 and a shorter implementation period would facilitate a more equitable transition. With respect to **para 5.7,** we agree with the objective of modifying the grandfathering provisions; however, to maintain consistency in the implementation timeline across both proposals, **SEBI may consider extending the compliance period for portfolio managers from 12 months to 24 months.** This would provide a uniform transition framework for both investors and portfolio managers while ensuring orderly compliance.	-
20	Do you agree with the proposal to relax the requirement of dealing room for portfolio managers having less than 10 clients or AUM below INR 100 crores? If yes, what safeguards should be implemented?	Agree	We **agree** with the proposal to relax the requirement of maintaining a dedicated dealing room to reduce the compliance burden for smaller portfolio managers. However, the eligibility criteria should be **based solely on the Assets Under Management (AUM) threshold of INR 100 crores, instead of the alternative criterion of having less than 10 clients**, as AUM is a more appropriate measure of operational scale and market impact. Further, **even where the dealing room requirement is relaxed, portfolio managers should maintain robust safeguards, including a comprehensive audit trail of order placement and execution, clear identification of client and proprietary orders at the time of execution,** and **adequate internal controls and record-keeping to ensure transparency, accountability, and regulatory oversight.**	The proposed relaxation would reduce the compliance burden for smaller portfolio managers without compromising investor protection. Since the scale of operations and potential market impact are more closely linked to **Assets Under Management (AUM)** than the number of clients, AUM should be the sole eligibility criterion for availing the relaxation. At the same time, maintaining a comprehensive audit trail, clearly distinguishing client and proprietary orders at the time of execution, and ensuring robust internal controls and record-keeping are essential to preserve transparency, accountability, effective regulatory oversight, and safeguard against misuse.
21	Should the requirement of dealing room be also relaxed for portfolio managers placing and generating orders through automated execution logic (Algos)?	Not Agree	We **do not agree w**ith extending the dealing room relaxation to portfolio managers placing or generating orders through automated execution logic (Algos). Given the nature of algorithmic trading and the need for continuous monitoring, appropriate supervision and operational controls should continue to apply to ensure market integrity and effective oversight of automated trading activities.	Algorithmic trading enables high-speed and high-frequency order execution, increasing the need for effective monitoring, governance, and oversight. Relaxing the requirement for a dedicated dealing room in such cases may weaken operational controls and reduce the ability to effectively supervise automated trading activities. Therefore, dedicated dealing room requirements should continue to apply to portfolio managers using algorithmic trading to maintain robust oversight, ensure market integrity, and mitigate operational and compliance risks.
22	If portfolio managers are now allowed to invest in foreign securities on behalf of their clients who are resident in India, should Eligible Fund Managers under the Regulations be also permitted to manage and advice their overseas clients in overseas securities?	No Comment	-	-
23	If yes, should there be a requirement of having the execution platform (dealing room) located within India? What other conditions should be put in place on Eligible Fund Managers, provide with rationale.	No Comment	-	-
24	Do you agree with the model of independent fund managers operating under a registered Portfolio Manager? If yes, what safeguards should be implemented?	Agree	We agree with the proposal to permit independent fund managers to operate under a SEBI-registered Portfolio Manager, as it can facilitate market participation while leveraging the infrastructure, compliance framework, and regulatory oversight of the registered Portfolio Manager. However, appropriate safeguards should be prescribed to ensure investor protection and operational integrity. These should include maintaining clear operational segregation (Chinese walls) between the registered Portfolio Manager and the independent fund manager, ensuring that each investment strategy is managed independently, and requiring the independent fund manager to comply with the same regulatory and compliance standards applicable to Portfolio Managers. Further, SEBI may prescribe an AUM threshold of INR 1,000 crores, beyond which the independent fund manager should transition to a standalone Portfolio Manager within 12 months, along with the necessary infrastructure and regulatory compliance requirements.	The proposed framework can encourage new investment professionals to enter the Portfolio Management Services (PMS) industry by reducing initial infrastructure and compliance costs, while ensuring that investors continue to benefit from the oversight of a SEBI-registered Portfolio Manager. At the same time, operational segregation and uniform compliance standards are essential to mitigate conflicts of interest and maintain investor confidence. Prescribing ₹1,000 crores AUM threshold with a defined transition period ensures that once an independent fund manager reaches sufficient operational scale, it establishes its own regulatory and compliance framework, thereby promoting accountability and preserving the integrity of the PMS ecosystem.
25	Whether demat account portability for clients of portfolio managers as envisaged be permitted? If yes, what procedures should be implemented to facilitate the same?	Strongly Agree	We **agree with the proposal** to permit demat account portability for clients of portfolio managers, as it will reduce duplication of KYC requirements, lower operational costs, and facilitate seamless migration between portfolio managers and custodians. To ensure effective implementation, SEBI should enable reliance on KRA-registered KYC across the PMS ecosystem and facilitate interoperability between custodians for the transfer of demat accounts, custodial arrangements, and securities. Additionally, SEBI should prescribe a defined timeline for completing the portability process to ensure timely execution, operational certainty, and protection of investor interests.	-
26	Do you agree with the operational relaxation from obtaining POA? If yes, provide rationale and adequate safeguards which should be implemented to ensure investor protection.	Agree	We **agree with the proposal** to rationalize the operational requirement of obtaining a Power of Attorney (POA), provided that it is replaced with a secure and clearly defined digital authorization framework, such as a Digital Power of Attorney (Digital POA) or Demat Debit and Pledge Instruction (DDPI). Since the consultation paper does not specify the alternative operational mechanism, SEBI should clearly prescribe the revised framework, including the rights, scope, and operational process applicable in place of the existing POA. The alternative mechanism should provide restricted and transaction-specific authorization, maintain a comprehensive digital audit trail, and incorporate adequate internal controls and documentation to ensure transparency, investor protection, and regulatory oversight while facilitating seamless operational efficiency.	-