



Assistant General Manager
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SEBI/HO/IMD/IMD-SEC-4/P/OW/2025/15434/1

June 10, 2025

The Principal Officer
Association of Portfolio Managers in India (APMI)
B-121, 10th Floor, WeWork, Enam Sambhav, C-20,
G-Block, Bandra Kurla Complex, Bandra (East),
Mumbai - 400051

Dear Sir,

Sub: Portfolio Managers using exaggerated advertisements on their website or on public media platforms

1. It has been observed by SEBI that certain SEBI registered Portfolio Managers are using exaggerated, superlative or unsubstantiated advertisements / claims on their websites or in public media platforms about their past performance and the returns generated. Such practices are potentially misleading to the current as well as the prospective investors by creating a false impression regarding the apparently superior returns generated by these entities.
2. In this regard, reference may be drawn to the following regulatory provisions-
 - Clause 2.1 of SEBI Master Circular for Portfolio Managers dated June 07, 2024 states that *"All Portfolio Managers registered with SEBI are required to strictly observe the Code of Advertisement set out in Annexure 2A of this Master Circular"*.
 - Clause 6 of the Code of Conduct for Portfolio Manager specified in Schedule III of SEBI (Portfolio Managers) Regulations, 2020 states that *"A portfolio manager shall not make any exaggerated statement, whether oral or written, to the client either about the qualification or the capability to render certain services or his achievements in regard to services rendered to other clients"*.
 - Clause 5 of Code of Conduct for Portfolio Manager specified in Schedule III of SEBI (Portfolio Managers) Regulations, 2020 states that *"A portfolio manager shall not make any statement or indulge in any act, practice or unfair competition, which is likely to be harmful to the interests of other portfolio managers or is likely to place such other portfolio managers in a disadvantageous position in relation to the portfolio manager himself, while competing for or executing any assignment"*.
 - Clause 10 (a) of Code of Conduct states, *"A portfolio manager shall endeavor to (a) ensure that the investors are provided with true and adequate information without making any*



misguiding or exaggerated claims and are made aware of attendant risks before any investment decision is taken by them”.

The issuance of any such exaggerated or misleading statement is being viewed seriously as it is detrimental to the interest of investors, and potentially in violation of the aforesaid regulatory provisions.

3. In view of the aforesaid, APMI is advised to communicate the following to all its members:

- 3.1. Portfolio Managers shall immediately remove all the exaggerated and misleading advertisements issued in the public domain or in the marketing material issued to clients;
- 3.2. Portfolio Managers shall refrain from making any statements regarding their investment capabilities or historical returns, that may mislead investors;
- 3.3. Portfolio Managers shall ensure that all advertisements/ statements disseminated on their respective websites or any other public media platform or promotional material issued to clients are factual, verifiable and in strict conformity with Code of Advertisement specified in SEBI Master Circular for Portfolio Managers dated June 07, 2024;
- 3.4. Portfolio Managers shall strictly adhere to the Code of Conduct specified in Schedule III of SEBI (Portfolio Managers) Regulations, 2020.

You may also bring it to the attention of your members that this advisory shall not preclude SEBI from initiating appropriate action against any entity found to be in violation of the aforementioned provisions.

Yours faithfully,


Prinkadeep Bhatia

