



**Investment Management Department
Supervision, Enforcement and Complaints Division-3**

SEBI/HO/OW/IMD /SEC-Div3/P/2025/9695/1

March 28, 2025

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

Sub: Offsite Monitoring of qualitative compliance aspects through Compliance Monitoring Module (CMM) for Portfolio Managers

Dear Sir,

1. In order to enhance the scope of offsite supervision over qualitative compliance requirements and to nudge the Portfolio Managers about their regulatory obligations, Principal Officer shall be required to submit a signed declaration of specific compliance requirements and upload supporting documents in case of other compliance requirements.
2. The details of these compliance requirements and the relevant documentation, as mentioned in the Annexures, were finalized in consultation with APMI and industry participants. The compliance requirements under this module may be updated by the SEBI from time to time.
3. In order to implement the same, SEBI has developed a module i.e. Compliance Monitoring Module (CMM) in PARAS Portal for Portfolio Managers for compliance reporting of qualitative aspects. The details related to the working of CMM is as below:
 - 3.1. **Process:** Principal Officer of the Portfolio Manager shall be responsible for submitting responses.
 - 3.2. **Frequency of submission:** Frequency of submission on PMS Portal will be quarterly for all the requirements. However, to ensure ease of compliance, the submission of the documents will be event based such that document submission is required only where there is change from the previous submission. For instance, for the requirement 'Whether independent chartered accountant has certified that the contents of the Disclosure Document shared with clients are in compliance with regulatory requirement', if there is a change in the Disclosure Document, the PM will upload revised independent CA certificate certifying the contents of DD. Wherever there is no change, the Portfolio Manager can indicate no change from previous submission.





3.3. Upload of supporting documents: With respect to 26 compliance parameters, Principal Officer will be required to submit a signed declaration in the format finalized by APMI every quarter (**Annexure A**). For other compliance parameters, PMs will have to upload supporting documents based on **Annexure B**. Wherever, documents/declarations are dependent on audit report, the same can be submitted based on latest available audit report as on end of the respective quarter.

3.4. Applicable timelines: Principal officer will be required to submit their responses within one month from end of reporting period starting from Q1 of FY 2025-26. Accordingly, first such submission shall be made by PMs for period April-June 2025 by July 31, 2025.

4. In view of above, APMI is advised to circulate these Guidelines to all Portfolio Managers promptly, and the Portfolio Managers shall be advised to place these Guidelines before their Board/Partners, and comply with the said Guidelines as per the timelines stipulated in this letter.

Yours faithfully,

Priyanka Mahapatra
Priyanka Mahapatra
(enclosed as above)



(on the letterhead of the PMS)

Annexure A

To
Securities and Exchange Board of India
Mumbai, India

COMMON DECLARATION ON COMPLIANCE OF QUALITATIVE ASPECTS

I/We hereby confirm complying with the below mentioned:

1. Requirements for Dealing Room and Dealing Team as specified in Clause 2.7.2 and maintenance of audit trail for all activities related to management of funds and securities of clients as per Clause 2.7.4 of the Master Circular for Portfolio Managers (Master Circular).
2. The Portfolio Manager, Principal Officer, Directors, Promoters, Partners and Key Management Persons by whatever name called are fit and proper persons based on the criteria specified in Schedule II of the SEBI (Intermediaries) Regulations, 2008.
3. No disciplinary action was taken against us as mentioned in Regulation 7(2)(f) in the current quarter.
4. The agreements entered with clients in the current quarter are compliant with regulatory requirements including but not limited to Regulations 22(1) and 22(2).
5. All heads of fees were part of the agreement entered between us and each client.
6. Disclosures are made regarding performance as per Regulation 22(4)(e) in terms Clause 4.5, 4.6 and 4.6A of Master Circular to all the active clients.
7. Automated systems are in place for funds and securities management in compliance with Clause 2.7.3 of the Master Circular.
8. There is no deviation in disclosure documents shared with clients from the provisions made in Regulation 22(4) read with Schedule V and Regulation 22(12).
9. All material changes are disclosed in Disclosure Document and filed with SEBI in a timely manner.
10. The funds of discretionary clients are managed individually and independently by us without partaking the character of a Mutual Fund and we have followed all directions of our non-discretionary clients with respect to fund management.
11. We act in a fiduciary capacity with regard to the client's funds.
12. The funds of all clients are kept in a separate accounts maintained in a Scheduled Commercial Bank.
13. We transact in securities within the limitation placed by the client himself with regard to dealing in securities under the provisions of the Reserve Bank of India Act, 1934 (2 of 1934).
14. We have not derived any direct or indirect benefit out of the client's funds or securities.
15. We have not lent the securities held on behalf of the clients to a third person except as provided under the regulations.

(on the letterhead of the PMS)

16. Money or securities accepted by us are invested or managed in terms of the agreement between us and the client.
17. We have an alert based system in place to monitor compliance with the prudential limits on investments.
18. We have not invested the clients' funds in the portfolio managed or administered by another portfolio manager.
19. We have not invested client's fund based on the advice of any other entity.
20. We confirm ordinarily purchasing or selling of securities separately for each client and in the event of aggregation of purchases or sales for economy of scale, inter se allocation is done on a pro rata basis and at weighted average price of the day's transactions.
21. We have segregated each clients' funds and portfolio of securities from his/her own funds and securities and are responsible for safekeeping of clients' funds and securities.
22. We have provided audited portfolio accounts to all clients as per Regulation 30.
23. Statements were furnished to all the client highlighting the details as per Regulation 31(1).
24. All clients whose contracts were terminated in the current quarter were provided with statement of account as per Regulation 31(3).
25. All related party/associates transactions were carried out in compliance with regulatory provision.
26. We have dispatched/sent physical copy of periodic report to clients as required under Regulation 31(1) of SEBI(PMS) Regulations, 2020 in instances of failure/rejections/returned undelivered emails regarding the same.

For and on Behalf of

(Entity Name)

Signature of the Principal Officer

Annexure B

S. No.	Particulars	Status	Documentation Required
1	<p>1. Whether Portfolio Manager is complying with requirements for Dealing Room and Dealing Team as specified in Clause 2.7.2 of Master Circular for Portfolio Managers?</p> <p>2. Whether audit trail is maintained for all activities related to management of funds and securities of clients as per Clause 2.7.4 of Master Circular for Portfolio Managers?</p>	<p>Compliant/ (No Change)/ Non-compliant/ Partially compliant/Not Applicable</p>	<p>Common Declaration</p>
2	<p>Whether the Portfolio Manager has adequate infrastructure and disaster recovery set-up?</p>	<p>Compliant/ (No Change)/ Non-compliant/ Partially compliant/Not Applicable</p>	<ul style="list-style-type: none"> - BCP policy to be uploaded by the PM once a year. - And for the rest of the quarters, if there is no change, the PM can indicate "Compliant (No Change)" in the module. - If there's a change the revised file has to be uploaded.
3	<p>Was the Portfolio Manager's website accessible at all points of time during the current quarter?</p>	<p>Compliant/ (No Change)/ Non-compliant/ Partially compliant/Not Applicable</p>	<ul style="list-style-type: none"> - The PM who does not have a website will submit the dropdown option as 'Not compliant' - The PM who has a website will upload the server downtime report. If there was no downtime during the quarter, PM can respond "Compliant".
4	<p>Whether any warning/deficiency/advisory/observation was issued to the Portfolio Manager in previous quarter? If yes, provide action taken report for compliance with the same.</p>	<p>Yes/No</p>	<ul style="list-style-type: none"> - ATR will be uploaded by the PM where there is a case of any warning/deficiency/advisory/observation issued to the PM in the previous quarter. - For others, the PM will select the dropdown as "No"
5	<p>Whether the Portfolio Manager, its principal officer, its director, promoter, partners and key management persons by whatever name called are fit and proper persons based on the criteria specified in Schedule II of the SEBI (Intermediaries) Regulations, 2008.</p>	<p>Yes/No</p>	<p>Common Declaration</p>

6	Whether any disciplinary action was taken against the entities as mentioned in Regulation 7(2)(f) in the current quarter. If yes, provide details.	Yes/No	Common Declaration
7	Whether the agreements entered with clients in the current quarter are compliant with regulatory requirements including but not limited to Regulations 22(1) and 22(2)?	Compliant/ (No Change)/ Non-compliant/ Partially compliant/Not Applicable	Common Declaration
8	Whether consent was obtained from all clients onboarded in this quarter by the Portfolio Manager for investment in associates/related entities? If not, reasons thereof and number of such clients.	Yes/No	<ul style="list-style-type: none"> - PM's will upload the report defining the status of the consent obtained from the clients. - Report format to be prepared by APMI Common Declaration
9	Whether all heads of fees were part of agreement entered by Portfolio Manager with all its all clients?	Compliant/ (No Change)/ Non-compliant/ Partially compliant/Not Applicable	Common Declaration
10	Whether disclosures made by the Portfolio Manager regarding its performance as per Regulation 22(4)(e) and in terms Clause 4.5, 4.6 and 4.6A of Master Circular to all the active clients of the Portfolio Manager? Also provide details of objections raised upon such disclosures by clients, if any.	Compliant/ (No Change)/ Non-compliant/ Partially compliant/Not Applicable	Common Declaration
11	Whether the Portfolio Managers is compliant with cyber security and cyber resilience framework as specified in Clause 2.8 of Master Circular for Portfolio Managers?	Compliant/ (No Change)/ Non-compliant/ Partially compliant/Not Applicable	<ul style="list-style-type: none"> - PMS with AUM above INR 3000 crore, the PM will upload their cyber-security policy. - And for the rest of the quarters, if there is no change, the PM will select the dropdown stating "Compliant (No Change)"

			<ul style="list-style-type: none"> - PMS with AUM below INR 3000 crores, the PM will select the drop down as "Not Applicable"
12	Whether the Portfolio Manager has automated system in place for funds and securities management in compliance with Clause 2.7.3 of Master Circular for Portfolio Managers?	Compliant/ Compliant (No Change)/ Non-compliant/ Partially compliant/ Not Applicable	Common Declaration
13	Whether there is any deviation in disclosure documents shared with clients from the provisions made in Regulation 22(4) read with Schedule V and Regulation 22(12)? If yes, provide details.	Yes/No	Common Declaration
14	Whether independent chartered accountant has certified that the contents of the Disclosure Document shared with clients are in compliance with regulatory requirement.	Compliant/ Compliant (No Change)/ Non-compliant/ Partially compliant/ Not Applicable	<ul style="list-style-type: none"> - The PM will upload the CA certificate once in a year. - And for the rest of the quarters, if there is no change, the PM can indicate "Compliant (No Change)" in the module. - If there is a change in the Disclosure document, the PM will upload the revised file.
15	Whether all material changes disclosed in Disclosure Document and filed with SEBI in timely manner?	Compliant/ Compliant (No Change)/ Non-compliant/ Partially compliant/ Not Applicable	Common Declaration
16	1. Whether the funds of discretionary clients are managed individually and independently by the Portfolio Manager without partaking the character of a Mutual Fund?	Compliant/ Compliant (No Change)/ Non-compliant/	Common Declaration

	2. Whether the Portfolio Manager followed all directions of its non-discretionary clients with respect to fund management.	Partially compliant/Not Applicable	
17	Whether the portfolio manager has acted in a fiduciary capacity with regard to the client's funds.	Compliant/Compliant (No Change)/Non-compliant/Partially compliant/Not Applicable	Common Declaration
18	Whether the portfolio manager keeps the funds of all clients in a separate account maintained in a Scheduled Commercial Bank?	Yes/No	Common Declaration
19	Whether the portfolio manager transacts in securities within the limitation placed by the client himself with regard to dealing in securities under the provisions of the Reserve Bank of India Act, 1934 (2 of 1934).	Yes/No	Common Declaration
20	Whether the portfolio manager has derive any direct or indirect benefit out of the client's funds or securities.	Yes/No	Common Declaration
21	Whether the portfolio manager has lent securities held on behalf of the clients to a third person except as provided under these regulations.	Yes/No	Common Declaration
22	Whether the money or securities accepted by the portfolio manager are invested or managed by the portfolio manager in terms of the agreement between the portfolio manager and the client.	Yes/No	Common Declaration
23	Whether the Portfolio Manager has an alert based system in place to monitor compliance with the prudential limits on investments?	Yes/No	Common Declaration
24	Whether the portfolio manager has invested the clients' funds in the portfolio managed or administered by another portfolio manager.	Yes/No	Common Declaration
25	Whether the portfolio manager has invested client's fund based on the advice of any other entity.	Yes/No	Common Declaration
26	Whether the portfolio manager ordinarily purchases or sells securities separately for each client and in the event of aggregation of purchases or sales for economy of scale, inter se allocation shall be done on a pro rata basis and at weighted average price of the day's transactions.	Compliant/Compliant (No Change)/Non-compliant/	Common Declaration

	Partially compliant/Not Applicable		
27	Yes/No	Whether the portfolio manager has segregated each clients' funds and portfolio of securities from his own funds and securities and is responsible for safekeeping of clients' funds and securities.	Common Declaration
28	Yes/No	Whether independent Chartered Accountant has certified that the Portfolio Manager has followed proper accounting methods and procedures and that the portfolio Manager has performed his duties in accordance with the law while maintaining client-wise accounts as per the provisions of Regulation 30?	- The PM will upload the latest available CA certificate.
29	Compliant/Compliant (No Change)/ Non-compliant/ Partially compliant/Not Applicable	Whether the portfolio manager has provided audited portfolio accounts to all clients as per Regulation 30? If not, reasons thereof and number of such clients.	Common Declaration
30	Compliant/Compliant (No Change)/ Non-compliant/ Partially compliant/Not Applicable	Whether statements were furnished to all the client highlighting the details as per Regulation 31(1). If not, reasons thereof and number of such clients.	Common Declaration
31	Compliant/Compliant (No Change)/ Non-compliant/ Partially compliant/Not Applicable	Whether all clients whose contracts were terminated in the current quarter were provided with statement of account Regulation 31(3). If not, reasons thereof and number of such clients.	Common Declaration

	Common Declaration	Compliant/ (No Change)/ Non-compliant/ Partially compliant/Not Applicable	Common Declaration
32	Whether all related party/associates transactions were carried out in compliance with regulatory provision?	Yes/No	
33	Whether Portfolio Manager has dispatched/sent physical copy of periodic report to clients as required under Regulation 31(1) of SEBI(PMS) Regulations, 2020 in instances of failure/rejections/returned undelivered emails regarding the same?	Compliant/ (No Change)/ Non-compliant/ Partially compliant/Not Applicable	<ul style="list-style-type: none"> - The PM will upload the investor grievance redressal and dispute resolution policy once - If there is any change the PM will upload the revised file.
34	Whether the investor grievance redressal and dispute resolution procedure is in line with regulatory provisions of SEBI? Is there was any delay provide details thereof.	Yes/No	<ul style="list-style-type: none"> - The PM will upload the latest Internal Audit report and compliance status of adverse findings, if any. - The PM will upload the latest financial statement. - And for the rest of the quarters, if there is no change, the PM can indicate "Compliant (No Change)" in the module. - If there's a change the revised file has to be uploaded.
35	Whether there were any adverse findings in the internal audit? if yes, provide compliance status against the same.	Compliant/ (No Change)/ Non-compliant/ Partially compliant/Not Applicable	<ul style="list-style-type: none"> - The PM will upload the latest internal audit report and compliance status of adverse findings, if any.
36	Provide audited Financial Statements of the Portfolio Manager.	Compliant/ (No Change)/ Non-compliant/ Partially compliant/Not Applicable	<ul style="list-style-type: none"> - The PM will upload the latest financial statement. - And for the rest of the quarters, if there is no change, the PM can indicate "Compliant (No Change)" in the module. - If there's a change the revised file has to be uploaded.
37	Whether the AML policy covers the following dealings: <ol style="list-style-type: none"> a. Details of your associates dealing as clients through you. b. Whether continuous due diligence and scrutiny is being conducted for the clients? c. Whether client details including financial details are reviewed periodically and updated? 	Compliant/ (No Change)/ Non-compliant/ Partially compliant/Not Applicable	<ul style="list-style-type: none"> - The PM will upload the AML policy once - For the rest of the quarters, if there is any change, the PM will upload the revised one.

	<p>d. Whether sufficient information is obtained in order to identify persons who beneficially own or control securities account?</p> <p>e. Whether risk / investment profiling of the clients has been done as per the written down policy of the company?</p> <p>f. Instances of cash/ DD acceptance, if any,</p> <p>g. Names of the clients for whom KYC has not been maintained.</p> <p>h. Names of the clients for whom in-person verification has not been done.</p> <p>i. Details regarding third party payments / receipts of funds / securities; viz. name of client, value involved, date, account from / to transferred and reason for the same.</p> <p>j. Provide the copy of policies as required under para 3.1 and 3.2 of SEBI Circular dated September 30, 2022. Also, provide the certified copy of respective Board/ equivalent body Resolution/ Minutes for the same.</p> <p>k. Please explain detail the procedure, process undertaken with regard to the following aspects:</p> <ul style="list-style-type: none"> i. PMLA policy & instance of Cash/Suspicious Transactions. ii. Client due diligence (CDD) policy. iii. Client acceptance policy iv. Settlement of funds/ securities v. Account Opening Procedure vi. Issuance and collection of cheques to/from clients. vii. Controls in place to prevent acceptance/issuance of funds/securities from other than clients. viii. Suspicious transaction monitoring and reporting ix. Freezing of funds, financial assets or economic resources or related services 	<p>Partially compliant/Not Applicable</p>	
<p>38</p>	<p>Please explain in detail the policy, process/procedure undertaken by you with respect to dealing with the following:</p> <ul style="list-style-type: none"> a. Account opening procedure / On-boarding of clients b. Fees and charges c. Risk / investment profiling d. Investment Approach 	<p>Compliant/ (No Change)/ Non-compliant/</p>	<ul style="list-style-type: none"> - The PM will upload their KYC policy once. - For the rest of the quarters, if there is any change, the PM will upload the revised one.

	<p>e. Performance of the Portfolio Manager</p> <p>f. Investment of clients' fund and management of clients' securities.</p> <p>g. Maintenance of books of accounts, records etc. as per Regulation 27 & 29.</p> <p>h. Advisory Services provided</p> <p>i. Conflict of interest</p> <p>j. Know your client procedure</p> <p>k. Segregation of activities related to portfolio management services with other activities</p> <p>l. Basis of trade allocation for the clients (i.e. pre-trade and post-trade) and the manner of allocating trades (whether it is manual or automated) once trades are confirmed by the broker. The technology used by the portfolio managers and whether the same is in line with updated technology.</p>	<p>Partially compliant/Not Applicable</p>	
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Update on Compliance Monitoring Module (CMM) in PARAS Portal

APMI India <apmi@apmiindia.org>
To: APMI India <apmi@apmiindia.org>

Tue, Apr 1, 2025 at 3:45 PM

To: The Compliance Officers of APMI Members + Compliance Officers of APMI Non-Members

Greetings from APMI!

Further to the email below and the attached document, please note the key details covered in the attachment:

1. Pages 1 & 2:

1. SEBI's communication dated 28th March 2025 regarding the development of the Compliance Monitoring Module (CMM) in the PARAS Portal.
2. This includes details on the process, submission frequency, required supporting documents, and applicable timelines.

2. Pages 3 & 4:

1. Format of the Common Declaration comprising 26 points, which needs to be submitted by Portfolio Managers under the CMM on a quarterly basis.
2. This format will be available for download on the PARAS Portal.

3. Pages 5 to 12:

1. Detailed sheet covering 38 points, which will also be available for download on the PARAS Portal.
2. Out of these, 26 gets covered as Common Declaration.
3. For the remaining 12, please refer to the documentation required column.

Important Notes:

1. The **current CTR module** on the PARAS Portal will be renamed as the Compliance Monitoring Module (CMM).
2. The CMM module is currently inactive on the PARAS portal and we will inform you once it is live and accessible.
3. Annexures A & B will be made available for download from the PARAS Portal.
4. APMI will soon share an updated user manual and a guidance video to facilitate understanding and compliance.

In the meantime, you are requested to review the attached document and take note of the details.

Please feel free to reach out if you require any further information. We will also be conducting help sessions on this topic.

Warm Regards

Association of Portfolio Managers in India

Contact us at: <https://www.apmiindia.org/apmi/contactus.htm>

Disclaimer: <https://apmiindia.org/storagebox/images/Important/Compliance%20Sutra%20-%20Important%20Disclosures%20to%20Members.pdf>

----- Forwarded message -----

From: **ABHISHEK ASHISH** <abhisheakashish@sebi.gov.in>

Date: Fri, Mar 28, 2025 at 5:07 PM

Subject: Offsite Monitoring of Qualitative TORs through Compliance Monitoring Module (CMM)

To: biharilal.deora@abakkusinvest.com <biharilal.deora@abakkusinvest.com>

Cc: AMIT TANDON <amitt@sebi.gov.in>, PRIYANKA MAHAPATRA <priyankam@sebi.gov.in>, imd_sec_div3

<imd_sec_div3@sebi.gov.in>, Rashim Bagga <rashim.bagga@apmiindia.org>, APMI India <apmi@apmiindia.org>

Dear Sir,

4/1/25, 4:16 PM

apmi india Mail - Update on Compliance Monitoring Module (CMM) in PARAS Portal

In reference to the trail mail, please find attached the letter issued to APMI. APMI is advised to circulate these Guidelines to all Portfolio Managers.

The physical copy of the same is being sent separately.

Thanks and regards,


Abhishek Ashish

Assistant Manager,

Investment Management Department,

Securities and Exchange Board of India

Phone: 022-20752117

 **Letter to APMI.PDF**
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