

Portfolio Management Service

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Portfolio Management Service Latest News

Recently, the Securities and Exchange Board of India (SEBI) has proposed a sweeping review of the SEBI (Portfolio Managers) Regulations, 2020, seeking to modernise the framework governing portfolio management services (PMS).

About Portfolio Management Service

- It is registered under the **SEBI (Portfolio Managers) Regulations, 2020**.
- It is a professional investment service where a **qualified fund manager takes charge** of the **equity, debt and other securities portfolio** of a customer — who is a high net-worth individual.
- **Who can offer:** Only corporate entities, companies or LLPs with SEBI registration can legally offer these services in India.
- SEBI mandates that no PMS provider can accept less than Rs 50 lakh per client.

Types of Portfolio Management Service

- **Discretionary PMS:** In this type of PMS services, the **portfolio manager has complete autonomy** to make investment decisions on behalf of the investor.
- **Non-Discretionary PMS:** In non-discretionary PMS, the **portfolio manager provides recommendations**, but the final decision to buy or sell rests with the investors themselves.
- **Advisory PMS:** In Advisory PMS, the portfolio **manager offers investment advice**, and the investor executes transactions independently.

Key Regulations of Portfolio Management Service

- **Registration:** All PMS providers must register with SEBI.
- **Minimum Investment Requirement:** SEBI mandates a **₹50 lakhs minimum** investment, targeting high net worth investors capable of managing associated risks.
- **Disclosure Obligations:** PMS providers must **regularly update investors** with performance reports, fees, and risk disclosures.
- **Custodian Engagement:** An independent custodian is required to hold investor assets to eliminate conflicts of interest
- **Compliance Monitoring:** Each PMS provider is required to **appoint a compliance officer** to ensure adherence to SEBI regulations

Source: **IE**

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