

SECURITIES LAW

CAPITAL MARKET INTERMEDIARIES

PORTFOLIO MANAGERS

Before Amendment (Earlier)	After Amendment (Now)
<p><u>“Portfolio”</u> means the total holdings of securities belonging to any person.</p> <p>Portfolio manager means any person who pursuant to contract or arrangement with the client, advises or directs or undertakes on behalf of the client (<i>whether as a discretionary portfolio manager or non-discretionary</i>) the management or administration of a portfolio of securities or the funds of the clients as the case may be.</p> <p><u>“Discretionary portfolio manager”</u> is defined as one who exercises or may exercise, under a contract relating to portfolio management, any degree of discretion as to the investment or the management of the portfolio of the securities or the funds of the client. He manages the funds of his client with full independence and discretion.</p> <p><u>“Non-Discretionary portfolio manager”</u> is defined as one who manages the portfolio of client under a contract relating to portfolio management, in accordance with directions and instructions of client. He manages the funds of his client without having full independence and discretion.</p> <p>A portfolio manager thus, with professional experience and expertise in the field, studies the market and adjusts the investment mix for his client on a continuing basis to ensure safety of investment and reasonable returns there from.</p> <p>The activities of the portfolio manager in the Indian capital market are regulated by SEBI (Portfolio Managers) Regulations, 1993</p>	<p><u>“Portfolio”</u> means the total holdings of securities belonging to any person.</p> <p>Portfolio manager means any person who pursuant to contract or arrangement with the client, advises or directs or undertakes on behalf of the client (<i>whether as a discretionary portfolio manager or non-discretionary</i>) the management or administration of a portfolio of securities or the funds of the clients as the case may be.</p> <p>Provided that the Portfolio Manager may deal in goods received in delivery against physical settlement of commodity derivatives.</p> <p><u>“Discretionary portfolio manager”</u> is defined as one who exercises or may exercise, under a contract relating to portfolio management, any degree of discretion as to the investment or the management of the portfolio of the securities or the funds of the client. He manages the funds of his client with full independence and discretion.</p> <p><u>“Non-Discretionary portfolio manager”</u> is defined as one who manages the portfolio of client under a contract relating to portfolio management, in accordance with directions and instructions of client. He manages the funds of his client without having full independence and discretion.</p> <p>A portfolio manager thus, with professional experience and expertise in the field, studies the market and adjusts the investment mix for his client on a continuing basis to ensure safety of investment and reasonable returns there from.</p> <p>The activities of the portfolio manager in the Indian capital market are regulated by SEBI (Portfolio Managers) Regulations, 2020</p>

PORTFOLIO MANAGER- REGISTRATION

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p>Regulation 3A lays down that an application by a portfolio manager for grant of the certificate shall be made to SEBI in the prescribed form-A.</p> <p><u>Regulation 6 lays down that SEBI shall take into account the following matters in considering the application, namely that:-</u></p> <ul style="list-style-type: none"> (a) the applicant is a body corporate; (b) the applicant has the necessary infrastructure to effectively discharge the activities of a portfolio manager; (c) the principal officer of the applicant has the professional qualifications in finance, law, accountancy or business management from an institution recognised by the Government; (d) the applicant has in its employment minimum of two persons who, between them, have at least five years experience as portfolio manager or stock broker or investment manager or in the areas related to fund management; (e) any previous application for grant of certificate made by any person directly or indirectly connected with the applicant has been rejected by the Board; (f) any disciplinary action has been taken by the Board against a person directly or indirectly connected with the applicant under the Act or the Rules or the Regulations made there under. (g) the applicant, its director, principal officer or the employee is involved in any litigation connected with the securities market which has an adverse bearing on the business of the applicant; (h) the applicant, its director, principal officer or the employee has at any time been convicted for any offence involving moral turpitude or has been found guilty of any economic 	<p><u>Regulation 4 lays down that an application by a portfolio manager for grant of the certificate shall be made to SEBI in the prescribed form-A.</u></p> <p><u>Regulation 7 lays down that SEBI shall take into account the following matters in considering the application, namely that:-</u></p> <ul style="list-style-type: none"> (l) the applicant is a body corporate; (m) the applicant has the necessary infrastructure to effectively discharge the activities of a portfolio manager; (n) the principal officer of the applicant has the professional qualifications in finance, law, accountancy or business management from an institution recognised by the Government; (o) the applicant has in its employment minimum of two persons who, between them, have at least five years experience as portfolio manager or stock broker or investment manager or in the areas related to fund management; (p) any previous application for grant of certificate made by any person directly or indirectly connected with the applicant has been rejected by the Board; (q) any disciplinary action has been taken by the Board against a person directly or indirectly connected with the applicant under the Act or the Rules or the Regulations made there under. (r) the applicant, its director, principal officer or the employee is involved in any litigation connected with the securities market which has an adverse bearing on the business of the applicant; (s) the applicant, its director, principal officer or the employee has at any time been convicted for any offence involving moral turpitude or has been found guilty of any economic

offence;	offence;
(i) the applicant is a fit and proper person;	(t) the applicant is a fit and proper person;
(j) grant of certificate to the applicant is in the interests of investors	(u) grant of certificate to the applicant is in the interests of investors
(k) The applicant fulfils the Capital adequacy requirement of not less than net worth of fifty lacs rupees.	(v) The applicant fulfils the Capital adequacy requirement of not less than net worth of Five Crore rupees.

FOREIGN PORTFOLIO INVESTOR

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
Foreign Portfolio Investor (FPI) means a person who satisfies the eligibility criteria prescribed under SEBI (Foreign Portfolio Investors) Regulations, 2014 and has been registered under Chapter II of these regulations, which shall be deemed to be an intermediary in terms of the provisions of the SEBI Act, 1992. All existing Foreign Institutional Investors (FIIs) and QFIs are to be merged into one category called FPI.	Foreign Portfolio Investor (FPI) means a person who satisfies the eligibility criteria prescribed under SEBI (Foreign Portfolio Investors) Regulations, 2019 and has been registered under Chapter II of these regulations, which shall be deemed to be an intermediary in terms of the provisions of the SEBI Act, 1992. All existing Foreign Institutional Investors (FIIs) and QFIs are to be merged into one category called FPI.

RECORD DATE OR DATE OF CLOSURE OF TRANSFER BOOKS

Regulation 42

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p>The listed entity shall intimate the record date in advance of atleast seven working days to all the stock exchange(s) where it is listed <u>for the following purposes:-</u></p> <p>(a) declaration of dividend;</p> <p>(b) issue of right or bonus shares;</p> <p>(c) issue of shares for conversion of debentures or any other convertible security;</p> <p>(d) shares arising out of rights attached to debentures or any other convertible security.</p> <p>(e) corporate actions like mergers, de-mergers, splits and bonus shares etc.</p> <p>(f) such other purposes as may be specified by the stock exchange(s).</p> <p>The listed entity shall recommend or declare all dividend and/or cash bonuses at least five working days before the record date fixed for the purpose.</p> <p>The listed entity shall ensure the time gap of at least thirty days between two record dates.</p>	<p>The listed entity shall intimate the record date in advance of atleast seven working days to all the stock exchange(s) where it is listed <u>for the following purposes:-</u></p> <p>(a) declaration of dividend;</p> <p>(b) issue of right or bonus shares;</p> <p>(c) issue of shares for conversion of debentures or any other convertible security;</p> <p>(d) shares arising out of rights attached to debentures or any other convertible security.</p> <p>(e) corporate actions like mergers, de-mergers, splits and bonus shares etc.</p> <p>(f) such other purposes as may be specified by the stock exchange(s).</p> <p>The listed entity shall intimate the record date in advance of atleast THREE working days to the all stock exchange(s) where it is listed for the RIGHT ISSUE.</p> <p>The listed entity shall recommend or declare all dividend and/or cash bonuses at least five working days before the record date fixed for the purpose.</p> <p>The listed entity shall ensure the time gap of at</p>

least thirty days between two record dates.

SEBI REGULATIONS, 2018

PRICING

Before Amendment (Earlier)	After Amendment (Now)
New Additions	<p>“PRICING IN PREFERENTIAL ISSUE OF SHARES OF COMPANIES HAVING STRESSED ASSETS” REG 164A.</p> <p>In case of frequently traded shares, the price of equity shares to be allotted pursuant to the preferential issue shall not be less than the average of weekly high and low of the volume weighted average price of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.</p>

WHO CAN ISSUE THE SECURITIES

Before Amendment (Earlier)	After Amendment (Now)
<p>A company, satisfying the following condition, can issue the shares or convertible securities under the ‘QIBS’ <u>scheme</u>:-</p> <ol style="list-style-type: none"> 1. The company is listed on stock exchange(s) having nationwide terminals for a period of at least one year. 2. The securities should be of the same class as that of which are already listed on stock exchange. 3. The approval of shareholders by way of special resolution Section 62(1)(c) of companies act, 2013 has been obtained. 4. An issuer shall be eligible to make a qualified institutions placement if any of its promoters or directors is not a fugitive economic offender. 5. The issuer shall not make any subsequent qualified institutions placement until the expiry of six months from the date of the prior qualified institutions placement made pursuant to one or more special resolutions. 	<p>A company, satisfying the following condition, can issue the shares or convertible securities under the ‘QIBS’ <u>scheme</u>:-</p> <ol style="list-style-type: none"> 1. The company is listed on stock exchange(s) having nationwide terminals for a period of at least one year. 2. The securities should be of the same class as that of which are already listed on stock exchange. 3. The approval of shareholders by way of special resolution Section 62(1)(c) of companies act, 2013 has been obtained. 4. An issuer shall be eligible to make a qualified institutions placement if any of its promoters or directors is not a fugitive economic offender. 5. The issuer shall not make any subsequent qualified institutions placement until the expiry of TWO WEEKS from the date of the prior qualified institutions placement made pursuant to one or more special resolutions.