

grant of certificate of registration or from the date of grant of certificate of registration granted prior to the commencement of the Securities and Exchange Board of India (Change in Conditions of Registration of Certain Intermediaries) (Amendment) Regulations, 2016, as the case may be, within three months before expiry of the block period for which fee has been paid.

4. ⁵⁷[The fee referred to in paragraph (2) shall be paid by the portfolio manager within fifteen days from the date of receipt of intimation from the Board under regulation 10 by way of direct credit into the bank account through NEFT/RTGS/IMPS or online payment using the SEBI Payment Gateway or any other mode as may be specified by the Board from time to time.]

5. ⁵⁸[The fees specified in paragraphs (1) and (3) above, shall be payable by the portfolio manager by way of direct credit into the bank account through NEFT/RTGS/IMPS or online payment using the SEBI Payment Gateway or any other mode as may be specified by the Board from time to time.]

SCHEDULE III

Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020

[Regulation 21]

CODE OF CONDUCT- PORTFOLIO MANAGER

1. A portfolio manager shall, in the conduct of his business, observe high standards of

⁵⁷ Substituted by the Securities and Exchange Board of India (Payment of Fees and Mode of Payment) (Amendment) Regulations, 2023, w.e.f 01-04-2023. Prior to its substitution, Clause 4 read as under:

“The fee referred to in paragraph (2) shall be paid by the portfolio manager within fifteen days from the date of receipt of intimation from the Board under regulation 10 by way of demand draft in favour of 'Securities and Exchange Board of India' payable at Mumbai or at the place where respective regional or local office is located or by way of direct credit in the bank account through NEFT/RTGS/IMPS or any other mode allowed by RBI.”

⁵⁸ Substituted by the Securities and Exchange Board of India (Payment of Fees and Mode of Payment) (Amendment) Regulations, 2023, w.e.f 01-04-2023. Prior to its substitution, Clause 5 read as under:

“The fees specified in paragraphs (1) and (3) above, shall be payable by the portfolio manager by a demand draft in favour of "Securities and Exchange Board of India" payable at Mumbai or at the place where respective regional office is located by way of direct credit in the bank account through NEFT/RTGS/IMPS or any other mode allowed by RBI.”

integrity and fairness in all his dealings with his clients and other portfolio managers.

2. The money received by a portfolio manager from a client for an investment purpose should be deployed by the portfolio manager as soon as possible for that purpose and money due and payable to a client should be paid forthwith.

3. A portfolio manager shall render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment. The portfolio manager shall either avoid any conflict of interest in his investment or disinvestment decision, or where any conflict of interest arises, ensure fair treatment to all his customers. It shall disclose to the clients, possible source of conflict of interest, while providing unbiased services. A portfolio manager shall not place his interest above those of his clients.

4. A portfolio manager shall not execute any trade against the interest of the clients in its proprietary account.

5. 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.

6. 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.

7. At the time of entering into a contract, the portfolio manager shall obtain in writing from the client, his interest in various corporate bodies which enables him to obtain unpublished price-sensitive information of the body corporate.

8. A portfolio manager shall not disclose to any clients, or press any confidential information about his client, which has come to his knowledge.

9. The portfolio manager shall where necessary and in the interest of the client take adequate steps for the transfer of the clients' securities and for claiming and receiving dividends, interest payments and other rights accruing to the client. It shall also take necessary action for conversion of securities and subscription for/renunciation of rights in accordance with the clients' instruction.

10. 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;
- (b) render the best possible advice to the client having regard to the client's needs and the environment, and his own professional skills;
- (c) ensure that all professional dealings are effected in a prompt, efficient and cost effective manner.

11. (1) A portfolio manager shall not be a party to -

- (a) creation of false market in securities;
- (b) price rigging or manipulation of securities;
- (c) passing of price sensitive information to brokers, members of the recognized stock exchanges and any other intermediaries in the capital market or take any other action which is prejudicial to the interest of the investors.

(2) No portfolio manager or any of its directors, partners or manager shall either on their own or through their associates or family members or relatives enter into any transaction in securities of companies on the basis of unpublished price sensitive information obtained by them during the course of any professional assignment.

12. (a) A portfolio manager or any of its employees shall not render, directly or indirectly any investment advice about any security in the publicly accessible media, whether real-time or non-real-time, unless a disclosure of his long or short position in the said security has been made, while rendering such advice.

(b) In case an employee of the portfolio manager is rendering such advice, he shall also disclose the interest of his dependent family members and the employer including their long or short position in the said security, while rendering such advice.

13. (a) The portfolio manager shall abide by the Act, Rules, and regulations made thereunder and the Guidelines / Schemes issued by the Board.

(b) The portfolio manager shall comply with the code of conduct specified in the SEBI (Prohibition of Insider Trading) Regulations, 2015.

(c) The portfolio manager shall not use his status as any other registered intermediary to unduly influence the investment decision of the clients while rendering portfolio management services.

SCHEDULE IV

CONTENTS OF AGREEMENT BETWEEN THE PORTFOLIO MANAGER AND HIS CLIENTS