



## International Financial Services Centres Authority

F.No.110/IFSCA/Banking Regulation/2021-22/1

April 26 , 2021

To All Banking Units

Dear Sir/Madam,

**Subject: Offering of Portfolio Management Service (PMS) and Investment Advisory Service (IAS) by BUs - Guidelines**

Banking Units (BUs) may please refer to the IFSC (Banking) (Amendment) Regulation, 2021 which was notified by the Authority on March 25,2021.The said regulation permits BUs to undertake the following additional activities:

- i. offering Portfolio Management services to person resident in India and persons resident outside India
- ii. offering Investment Advisory services to person resident in India and persons resident outside India.

2. The Operating Guidelines for Portfolio Managers in International Financial Services Centre dated September 9,2020<sup>1</sup> (issued by SEBI) shall be applicable mutatis mutandis to BUs. BUs desirous of offering PMS in IFSC may apply for registration to the Authority under the provision of para 2(a) of the abovementioned operating guidelines.

3. The BUs that are permitted to offer PMS by the Authority shall maintain a 'Clients' Portfolio Account' in its general ledger, reflecting the funds received by it for portfolio management on a day-to-day basis. The balance lying in this account (i.e., undeployed funds, if any, from this account) shall be treated as outside borrowings of the BU. The BU's liability to its clients in respect of funds accepted by it for portfolio management shall be properly reflected in the BU's accounts.

4. The BUs shall maintain a clear functional separation of trading and back-office processes relating to its own investment accounts and PMS clients' accounts.

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<sup>1</sup> Circular no. SEBI/HO/IMD/DF1/CIR/P/2020/169 dated September 9, 2020

5. The BUs that are permitted to offer PMS are also permitted to provide incidental investment advice to their PMS clients, provided that BUs shall comply with the general obligations and responsibilities specified for Investment Advisers as specified in the “Operating Guidelines for Investment Advisers in International Financial Services Centre” dated January 9, 2020 (as amended) <sup>2</sup>

6. Guidelines for BUs desirous of offering IAS as a standalone service shall be issued separately.

7. BUs are directed to ensure compliance with the provisions of this circular.

Yours faithfully

(Supriyo Bhattacharjee)

General Manager

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<sup>2</sup> SEBI/HO/IMD/DF1/CIR/P/2020/04 dated January 09, 2020 (subsequently amended on February 28,2020 and September 28,2020)