

**DEPUTY GENERAL MANAGER
INVESTMENT MANAGEMENT DEPARTMENT
DIVISION OF FUNDS-1**

**IMD/DOF-1/PMS/CIR-6/2009
September 10, 2009**

**To
All Registered Portfolio Managers**

Dear Sirs,

Sub: Compliance with Regulation 16(8) of SEBI (Portfolio Managers) Regulations, 1993.

1. This is further to SEBI Circular No. IMD/PMS/2/2009/11/05 dated May 11, 2009 regarding compliance with Regulation 16(8) of SEBI (Portfolio Managers) Regulations, 1993.
2. In this regard, it is hereby informed that portfolio managers may undertake new clients subject to the following:
 - a. Portfolios of non-compliant client accounts shall be frozen;
 - b. Fresh purchases on behalf of such clients shall not be made;
 - c. Selling of securities, however, from such frozen portfolios may be undertaken;
 - d. Transfer of securities from such frozen portfolios to respective client's account may also be effected.
3. The portfolio manager may discontinue the services to those clients who are not co-operating for opening separate client accounts, after serving at least three notices, and return the securities/funds to the client. The portfolio manager shall maintain such client-wise records for a period of eight years.
4. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with the provisions of Regulation 16(8) and Regulation 39 of the SEBI (Portfolio Managers) Regulations, 1993, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
5. This circular is available on SEBI website at www.sebi.gov.in under the category "Legal Framework" and under the drop down "Portfolio Managers".

Yours faithfully,

Maninder Cheema