

CONSULTATION PAPER ON REVIEW OF PROVISIONS ON DISCLOSURE OF EXECUTIVE REMUNERATION BY ASSET MANAGEMENT COMPANIES (AMCs)

1. Objective

1.1. The objective of this consultation paper is to seek public comments/ suggestions on the proposed rationalization of the existing disclosure framework relating to remuneration of employees of AMCs, with a view to enhancing meaningful transparency while balancing investor interest.

2. Background

2.1. Disclosure of executive remuneration is an important pillar for sound corporate governance, as it enables stakeholders to assess whether compensation structures are aligned with performance, risk management, and the interests of investors. Such disclosures also empower the stakeholders to question remuneration practices which may be inconsistent with industry standards.

2.2. In the mutual fund ecosystem, out of the 53 AMCs, 7 AMCs are listed while the remaining are unlisted. For both these categories of AMCs (listed and unlisted), at present, disclosure requirements relating to executive remuneration are prescribed under the SEBI Master Circular for Mutual Funds dated March 20, 2026 ("SEBI Master Circular"), and where applicable, under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR").

2.3. While these frameworks have evolved over time with the objective of enhancing transparency, SEBI has received representations from industry participants, including the Association of Mutual Funds in India (AMFI), highlighting concerns regarding the scope, granularity, and relevance of the existing disclosure framework. AMFI's representation, *inter-alia*, proposes (i) disclosure of the remuneration policy of AMCs on their websites (ii) streamlining of existing disclosure requirements into consolidated disclosures for key employees along with the number of such employees, and (iii) a scheme-level, consolidated disclosure of remuneration of fund managers, to be provided only upon request of investors and limited to schemes in which such investors have invested. The

representation indicates that such measures would align disclosure practices with operational considerations while retaining transparency.

2.4. Therefore, with a view to ensuring that disclosure requirements remain aligned with regulatory objectives and industry practices, this consultation paper seeks public comments on the rationalization and harmonization of executive remuneration disclosure requirements for AMCs.

Data Analysis

2.5. To assess the extent and impact of the existing remuneration disclosure framework, data was obtained from AMFI, across AMCs. Analysis indicates that the proportion of employees covered under the current disclosure framework is limited, typically ranging from approximately 2% to 10% of the total employee base in 36 out of 51 AMCs, while only a limited number of AMCs fall in higher brackets, depending on structural factors such as overall employee base and mandatory disclosure of top 10 employees, which is a key determinant of coverage in AMCs with smaller employee strength.

3. Existing regulatory framework:

3.1. SEBI Master Circular for Mutual Funds

As per Paragraph 6.13 of the SEBI Master Circular for Mutual Funds dated March 20, 2026, AMCs are required to disclose the following on their website under a separate head “Remuneration”:

- Name, designation, and remuneration of Chief Executive Officer (CEO), Chief Investment Officer (CIO), and Chief Operations Officer (COO) or their equivalent by whatever name called.
- Name, designation and remuneration of top ten employees in terms of remuneration drawn for that financial year, as well as of all employees whose annual remuneration was equal to or above INR 1.02 crore for the financial years or whose monthly remuneration in aggregate was not less than INR 8.5 lakhs per month, if the employee is employed for a part of that financial year.

- Ratio of the CEO's remuneration to the median remuneration of MF/AMC employees.
- MF's total AAUM, debt AAUM and equity AAUM and rate of growth over last three years

3.2. SEBI (Listing Obligations and Disclosure Requirements), 2015

Under the SEBI LODR, listed entities are required to make comprehensive disclosures relating to the remuneration of directors. These include all elements of remuneration package summarized under major groups such as salary, benefits, bonuses, stock options, and pension, along with disclosures on the fixed component and performance-linked incentives together with the performance criteria. Additional disclosures are required in relation to service contracts, notice periods, severance fees and stock option grants, including vesting and exercise conditions. The emphasis under SEBI LODR is on providing shareholders with a holistic understanding of remuneration structures and their linkage to performance.

3.3. Companies Act, 2013

The Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, prescribes detailed disclosure requirements in the Board's report of **listed companies**. These include disclosure of the ratio of remuneration of each director to the median remuneration of employees, year-on-year changes in remuneration, and key parameters governing variable pay. Companies are also required to disclose details of the top ten employees in terms of remuneration and those exceeding specified remuneration thresholds, along with extensive particulars such as qualifications, experience, nature of employment, and shareholding. These provisions are designed primarily to inform shareholders, who bear residual risk and exercise ownership rights in the company.

3.4. A comparative assessment of the disclosure requirements under SEBI Master Circular for Mutual Funds dated March 20, 2026 and those prescribed under SEBI LODR read with the Companies Act indicates that, in substance, the two frameworks are broadly aligned in terms of scope of disclosure. Both frameworks

require disclosure of remuneration of key managerial personnel, as well as employees above specified thresholds and the top ten employees in terms of remuneration, on a name-wise basis. Further, the thresholds prescribed for employee-level disclosure are also aligned. However, the framework under SEBI LODR / Companies Act requires more granular, component wise disclosures for directors and key managerial personnel. Such granular disclosures are prescribed in the context of listed companies, where disclosures are made to equity shareholders who bear residual risk and exercise ownership rights. Accordingly, while there is broad alignment in scope, the underlying objectives of the two frameworks differ, and therefore, complete alignment of the mutual fund disclosure framework with SEBI LODR may not necessarily serve the intended purpose.

3.5. In line with the regulatory framework, the following disclosure requirements are applicable to the AMCs of Mutual Fund –

Particulars	Listed AMCs	Unlisted AMCs
Applicable Framework	SEBI Master Circular for Mutual Funds + SEBI LODR + Companies Act, 2013 (read with Rules)	SEBI Master Circular for Mutual Funds
Primary Objective of Disclosure	Transparency for shareholders and unitholders	Transparency for unitholders
Disclosure Medium	Annual Report / Board's Report (LODR & Companies Act) and website (SEBI Master Circular)	Website disclosure (SEBI Master Circular)
Disclosure of Key Personnel	- Name, designation and remuneration of CEO, CIO, COO or equivalent under SEBI Master Circular - Percentage of increase in remuneration of each director,	Name, designation and remuneration of CEO, CIO, COO or equivalent under SEBI Master Circular

	CFO, CEO, Company Secretary or Manager, if any, in the financial year (Companies Act) Detailed component-wise disclosures for directors/KMP under LODR/Companies Act	
Employee-level Disclosure (Top 10 / Threshold)	Required under SEBI Master Circular and Companies Act	Required under SEBI Master Circular
Threshold for Disclosure	≥ INR1.02 crore annually or ≥ INR 8.5 lakh per month (under Companies Act)	Same as listed AMCs (under SEBI Master Circular)
Nature of Disclosure	Name-wise (SEBI Master Circular and Companies Act) + component-wise, performance-linked disclosures (LODR/Companies Act)	Name-wise disclosure (SEBI Master Circular)
Median distribution of remuneration	Ratio of remuneration of each director to the median remuneration of the employees of the company (Companies Act) Ratio of remuneration of CEO to the median remuneration of the AMC employees (SEBI Master Circular)	Ratio of remuneration of CEO to the median remuneration of the AMC employees (SEBI Master Circular).

3.6. From the above, it may be noted that listed AMCs are already subject to detailed remuneration disclosure requirements under the SEBI LODR read with the Companies Act, including granular, component wise disclosures in their annual reports. In contrast, unlisted AMCs operate within a different structural and regulatory context and are not subject to such frameworks. Accordingly, the

disclosure requirements applicable to listed entities may not be directly comparable to those for unlisted AMCs. In this regard, rationalization of disclosure requirements under the SEBI Master Circular may be considered for unlisted AMCs, so as to ensure that the disclosure standards are commensurate with their regulatory and ownership structure while continuing to ensure adequate transparency for unitholders.

4. Industry feedback

Following are the key concerns highlighted by the industry:

4.1. Inherent structural differences between listed companies and mutual funds:

Mutual funds operate as trust structures which are pass through vehicles, where investors are unitholders rather than shareholders, and do not exercise direct ownership rights over the AMC. The AMC, in turn, earns revenues from multiple business activities. Consequently, the rationale underlying detailed employee-level disclosures under the Companies Act and SEBI LODR may not be fully applicable to the mutual fund ecosystem.

4.2. Privacy and data protection:

The public disclosure of named individual remuneration may expose employees to risks relating to misuse of personal information. In addition, the mutual fund industry competes for talent with other segments such as Portfolio Management Services (PMS) and Alternative Investment Funds (AIFs), where similar disclosure requirements are not applicable. This asymmetry may place AMCs at a competitive disadvantage and could have implications for talent retention.

4.3. Limited incremental value to investors:

It has been represented that investment decisions are typically driven by factors such as scheme performance, risk management, asset allocation, investment strategy, and expense ratios. Individual-level remuneration disclosures may not materially influence such decisions or improve investor outcomes. At the same time, it is noted that the mutual fund regulatory framework already incorporates several safeguards, including caps on recurring expenses that can be charged to each scheme, oversight by trustees, independent directors, Nomination and

Remuneration Committee of AMC, internal and external auditors and alignment of interest requirements such as mandatory investments by key employees.

5. Proposals

In view of the concerns raised by the industry and with a view to harmonize the disclosures under SEBI Master Circular for Mutual Funds dated March 20, 2026 and SEBI LODR, the following are proposed-

5.1. Consolidated disclosure of remuneration:

5.1.1. Proposal:

- i. Presently, the disclosures under para 6.13 of SEBI Master Circular for Mutual Funds dated March 20, 2026 is required to be made on the website of the AMCs. A sample disclosure format is reproduced below:

1. Annual Remuneration for the period.... for employees of.... (name of the AMC):

<i>Sr. No.</i>	<i>Name of the employee</i>	<i>Designation</i>	<i>Remuneration in INR</i>
		CEO	
		CIO	
		COO	

2. Details of Top ten employees in terms of remuneration for period....

<i>Sr. No.</i>	<i>Name of the employee</i>	<i>Designation</i>	<i>Remuneration in INR</i>

3. Annual Remuneration for period.... for all employees whose annual remuneration is INR 1.02 crores or more OR monthly remuneration is INR 8.5 lakhs if employed for part of the year

Sr. No.	Name of the employee	Designation	Remuneration in INR	Period of employment

4. The ratio of CEO's remuneration to median remuneration of AMC employees = xx times of Median remuneration

5. MF's total AAUM, debt AAUM and equity AAUM and rate of growth over last three years:

Year	Total AAUM (INR in crore)	% of growth over the previous FY	Debt AAUM (INR in crore)	% of growth over the previous FY	Equity AAUM (INR in crore)	% of growth over the previous FY

ii. Analysis of data across AMCs, as mentioned at para 2.5 suggests that the number of employees whose remuneration is disclosed under the current framework constitutes a small proportion of the overall employee base.

iii. While such targeted coverage ensures focus on a limited subset of employees, the disclosures are currently made on a granular, name- wise

basis. In this context, it may be considered whether the level of detail in disclosure is proportionate.

iv. In this context and based on the industry feedback highlighted at para 4 above, it is proposed that instead of disclosure of individual employee remuneration, AMCs may disclose consolidated remuneration along with the total number of such employees under Para 6.13 of SEBI Master Circular for Mutual Funds dated March 20, 2026. This would provide a holistic and structured view of senior management compensation, enabling unitholders to assess the overall quantum of remuneration at the senior management level, while aligning the level of disclosure with considerations of materiality and proportionality.

v. *Illustrative disclosure format:*

**1. Annual Remuneration for the period.... for employees of....
(name of the AMC):**

Particulars	No. of employees	Total remuneration (INR crore)
Chief Executive Officer (CEO), Chief Investment Officer (CIO), and Chief Operations Officer (COO) or their equivalent by whatever name called.		

2. Details of top ten employees in terms of remuneration for period....

Particulars	Total remuneration (INR crore)
Top ten employees in terms of remuneration drawn for	

that financial year	
Total	

- 3. Annual Remuneration for period.... for all employees whose annual remuneration is INR 1.02 crores or more OR monthly remuneration is INR 8.5 lakhs if employed for part of the year**

Particulars	No. of employees	Total remuneration (INR crore)
Employees whose annual remuneration was equal to or above INR 1.02 crore for the financial year or whose monthly remuneration in aggregate was not less than INR 8.5 lakhs per month, if the employee is employed for a part of that financial year.		

- 4. The ratio of CEO's remuneration to median remuneration of AMC employees** (in the current format followed by AMCs).
- 5. MF's total AAUM, debt AAUM and equity AAUM and rate of growth over last three years** (in the current format followed by AMCs).

5.1.2. Question for public comments:

- a. Whether disclosure of remuneration may be changed from individual name wise remuneration to consolidated disclosures?
- b. If yes, whether any additional accompanying disclosures may be required?
- c. Whether any other alternative methods of disclosure may be considered?
- d. Whether the above illustrative format is appropriate or requires modification?

5.2. Disclosure of remuneration of fund managers on request basis:

5.2.1. Proposal:

- i. At present, remuneration of fund managers is not disclosed separately and is captured only incidentally based either on threshold/ top 10 employee disclosures. Considering that investment decision-making for each scheme rests primarily with the respective Fund Manager(s), there may be merit in providing visibility into their remuneration. However, such disclosures may involve sensitivity considerations.
- ii. Accordingly, it is proposed that scheme level consolidated disclosure of total remuneration paid to fund manager(s) at scheme level may be made available upon specific request of unitholders and may be limited to the scheme(s) in which the investor requesting such details has invested as on the date of making such request.

5.2.2. Illustrative disclosure format:

Scheme Name	No. of fund managers	Total remuneration (in INR crore)
Scheme A		
Scheme B		

5.2.3. Question for public comments:

- a. Whether remuneration details of fund managers should be disclosed on the website of the AMCs for all unitholders or made available upon request?
- b. Whether any additional safeguards or conditions should be prescribed for such access?

6. Public Comments on this Consultation Paper

6.1. Public comments are invited for the proposals at paragraph 5.1 and 5.2 above. The comments/ suggestions on the proposal should be submitted latest by **June 30, 2026**.

6.1.1. Preferably through Online web-based form

6.1.1.1. The comments may be submitted through the following link:
<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

6.1.1.2. The instructions to submit comments on the consultation paper are as under:

- a. Before initiating the process, please read the instructions given on top left of the web form as “Instructions”.
- b. Select the consultation paper you want to comment upon from the dropdown under the tab – “Consultation Paper” after entering the requisite information in the form.
- c. All fields in the form are mandatory;
- d. Email Id and phone number cannot be used more than once for providing comments on a particular consultation paper.
- e. If you represent any organization other than the types mentioned under dropdown in “Organization Type”, please select “Others” and mention the type, which suits you best. Similarly, if you do not represent any

organization, you may select “Others” and mention “Not Applicable” in the text box.

- f. There will be a dropdown of Proposals in the form. Please select the proposals one- by-one and for each of the proposal, please record your level of agreement with the selected proposal. Please note that submission of agreement level is mandatory.
- g. If you want to provide your comments for the selected proposal, please select “Yes” from the dropdown under “Do you want to comment on the proposal” and use the text boxes provided for the same.
- h. After recording your response to the proposal, click on “Submit” button. System will save your response to the selected proposal and prompt you to record your response for the next proposal. Please follow this procedure for all the proposals given in the dropdown.
- i. If you do not want to react on any proposal, please select that proposal from the dropdown and click on “Skip this proposal” and move to the next proposal.
- j. After recording your response to all the proposals, you may see your draft response to all of proposals by clicking on “Check your response before submitting” just before submitting response to the last proposal in the dropdown. A pdf copy of the response can also be downloaded from the link given in right bottom of the web page.
- k. The final comments shall be submitted only after recording your response on all of the proposals in the consultation paper.

6.1.2. Through Email

- a) In case of any technical issue in submitting your comment through web based public comments form, you may send an email to peterm@sebi.gov.in or gopikaj@sebi.gov.in with a subject: *“Consultation paper on Review of provisions on disclosure of Executive Remuneration by Asset Management Companies (AMCs).”*

Issued on: June 10, 2026

.....
(End of Consultation Paper)