Address by Shri Tuhin Kanta Pandey, Chairman, SEBI
Association of Portfolio Managers in India - Annual Conclave 2026
Sept 30, 2026

Mr. Ashishkumar Chauhan, MD & CEO, NSE, Mr. Vikas Khemani, Chairman, APMI, Board Members of APMI, distinguished guest, market participants, ladies and gentlemen,

Good morning to all of you!

It is a pleasure to be here at the Annual Event of the Association of Portfolio Managers in India (APMI).

This gathering brings together an important segment of our investment management ecosystem. Portfolio managers occupy a distinctive space in our markets. You combine professional investment management with greater customisation. You work closely with investors. And, perhaps more than many other intermediaries, you see first-hand how investor expectations are changing.

The industry itself has changed considerably.

Excluding PF and EPFO assets, assets under management of portfolio managers have grown to about ₹9.2 lakh crore by August 2026 from around ₹1.4 lakh crore at the end of FY16. That translates into growth of around 20 per cent annually.

The number of registered portfolio managers has also increased significantly—from around 200 a decade ago to over 530 today. The number of discretionary PMS clients has grown nearly five-fold, from about 46,000 to around 2.2 lakh.

These numbers tell us something important. PMS is no longer a small corner of our asset management landscape. It is becoming an increasingly important part of it.

And with that change in scale, the conversation must also evolve.

The question before us is not merely how much further this industry can grow. It is also about what kind of industry we want to build as it grows.

From Growth to Institution Building

At SEBI, our regulatory approach has also evolved with the industry.

Over the years, we have sought to strengthen transparency and comparability. Performance reporting and benchmarking have been standardised. Disclosure requirements have been strengthened. Firm-level performance data is subject to audit.

The objective is straightforward. An investor should be able to understand what is being offered, what it costs, what risks are being taken and how performance should be evaluated.

We have also strengthened the distribution ecosystem, through active support from APMI. At the same time, we have tried to make the investor journey simpler through Digital onboarding. Disclosure requirements have been streamlined.

These changes reflect a broader shift in regulatory thinking.

As an industry matures, regulation too must mature. Regulation cannot remain focused only on prescribing safeguards. It must also enable innovation, remove unnecessary friction and make compliance easier—without compromising investor protection.

That thinking has guided our latest comprehensive review of the Portfolio Managers Regulations.

A New Framework for a Changing Industry

Last week SEBI Board approved the comprehensive review of the Portfolio Managers Regulations.

This was not intended to be a mere amendment of a few provisions. We took the opportunity to look at the framework afresh.

And importantly, this exercise began with listening.

SEBI conducted a stakeholder survey through APMI. We sought to identify provisions that needed reconsideration. The feedback received were examined and relevant changes were incorporated.

The new PMS framework has four broad objectives—development of the PMS industry, ease of compliance, consolidation and simplification of the regulatory framework, and removal of redundant provisions.

Let me touch upon what this means in practical terms.

We are significantly **widening the investment possibilities available to portfolio managers**.

They recognise a simple reality: if investors' needs are becoming more diverse, the investment toolkit available to professional managers must also evolve.

But perhaps one of the more interesting additions is **PRIM—the Portfolio Managers Route for Investing in Mutual Fund units**.

Under PRIM, portfolio managers can construct portfolios using direct plans of mutual funds, including ETFs, index funds and Specialised Investment Funds. The minimum ticket size will be ₹25 lakh.

This creates another space for professional portfolio construction. Instead of looking at investment products in separate silos, it allows a portfolio manager to use different pooled investment vehicles to build a portfolio around the needs of the client.

We are also introducing the concept of **Independent Fund Managers (IFM)**. This can create space for investment professionals and entrepreneurial talent to operate in association with an established portfolio manager.

At the same time, accountability must remain clear. The registered portfolio manager will continue to bear responsibility for the activities of the Independent Fund Manager.

That balance—opening up possibilities while keeping accountability clear—runs through the new framework.

Simpler Regulation, Not Lighter Responsibility

There is another dimension to this review which I believe is equally important.

Regulation should be understandable to the people who have to comply with it.

Through consolidation, removal of redundant provisions and simpler drafting, we have reduced the size of the regulations by about 53 per cent. We have substantially reduced the number of provisos[1] in the regulation.

We are moving towards a standardised Investment Management Agreement. Reporting timelines are being harmonised. Digital disclosure documents are being promoted. Smaller portfolio managers with AUM below ₹100 crore are being provided relaxation from the dealing-room requirement.

[1] Reduced to 4 from 47 earlier.

I mention these changes not merely to highlight ease of compliance. There is a larger principle involved.

Ease of doing business and investor protection need not be competing objectives. Good regulation should be demanding where risks are significant. But where a requirement creates cost or complexity without adding commensurate value, we should be willing to revisit it.

And when regulation provides greater flexibility, industry must respond with greater responsibility.

From Managing Portfolios to Managing Trust

This brings me to what I believe should be the next stage of the industry's evolution.

A PMS client may meet the prescribed investment threshold. But eligibility and suitability are not the same thing.

A strategy may be perfectly legitimate and still not be suitable for a particular investor.

Portfolio managers understand the strategy far better than their clients. You understand its concentration, liquidity, volatility and downside risks. That information advantage brings with it a responsibility—to understand the investor equally well.

There is another aspect.

Investment management is naturally a performance-oriented business. Performance matters. Investors rightly care about it.

But performance should never be presented without its context.

What risks were taken to generate that return? What was the appropriate benchmark? How concentrated was the portfolio? What were the drawdowns? Was the performance consistent with the stated investment philosophy?

The same principle applies to governance.

Many financial groups today operate across PMS, mutual funds, AIFs, investment advisory and other businesses. As these boundaries become more interconnected, identifying and managing conflicts of interest becomes even more important.

Compliance therefore cannot be something that comes at the end of the investment process. It has to be embedded in product design, investment decisions and client communication.

Technology Can Assist Judgement—Not Replace Accountability

This responsibility becomes even more relevant as technology transforms investment management.

Alternative data, quantitative tools and AI-assisted research are increasingly becoming part of the investment process. Technology can analyse enormous amounts of information. It can identify patterns that a human analyst may miss. It can also make reporting and client servicing far more personalised.

We should welcome these possibilities. But there is one principle we should keep in mind: Technology can augment investment judgement. It cannot outsource accountability.

If an algorithm contributes to an investment decision, someone must still understand the assumptions behind it. Data quality matters. Model governance matters. Cyber resilience matters. Protection of client information matters.

And ultimately, accountability for the portfolio must remain human and identifiable.

The Next Phase

Let me conclude.

The portfolio management industry has travelled a considerable distance over the past decade. Its scale has expanded. Its investor base has widened. Investment strategies have become more sophisticated.

The regulatory framework is also evolving with it.

Through the new Portfolio Managers Regulations, we are widening investment possibilities, creating new avenues such as PRIM and Independent Fund Managers, and substantially simplifying the regulatory framework.

But regulations alone cannot build a strong industry.

The strongest foundation for the next phase of PMS will be the confidence of investors—confidence that sophistication will not come at the cost of transparency;

that innovation will not come at the cost of accountability; and that growth will not come at the cost of trust.

The opportunity before the industry is therefore much larger than managing more assets.

It is an opportunity to build an investment management ecosystem that is innovative, professionally governed and globally competitive—while remaining firmly anchored in the interests of the investor.

SEBI will continue to engage with the industry as this ecosystem evolves. And I am confident that APMI and all of you here will continue to be important partners in that journey.

Thank you.