REQUEST FOR INFORMAL GUIDANCE

22.06.2026

To
The Nodal Officer
Nodal Co-ordination Cell
Securities and Exchange Board of India

Madam/Sir,

Reg.: Request for Informal Guidance under the SEBI (Informal Guidance) Scheme, 2025 on permitting pledging of securities purchased under DPMS.

Name of the Applicant	Share India Securities Limited
Category of Applicant	Portfolio Manager- SEBI Regn. No.: INP000009427
If guidance is sought in representative capacity, details thereof	NO
Nature of informal guidance	No-action Letter ☐ Interpretive Letter ☑
Details of fee paid	Rs.59,000/- (ie. Rs.50,000/- + GST @18%)
Details of the transaction	Rs.59,000/- was paid on 19-Jun-2026 through the SEBI fee payment link, bearing Online Transaction reference number **DKT5ZZ51NC0Z3D** and Bank reference id **617051210034**. The details of the transaction are attached as **Annexure-1**.
Relevant regulatory provisions	SEBI Portfolio Managers Regulations, 2020 Regulation 23 (1) "The discretionary portfolio manager shall individually and independently manage the funds of each client in accordance with the needs of the client, in manner which does not partake character of Mutual Fund, whereas the non-discretionary portfolio manager shall manage the funds in accordance with the directions of the client" read with 23(8) "The portfolio manager shall not borrow funds or securities on behalf of the client".
Query	**Background** Our services include Discretionary Portfolio Management Services (DPMS). Under the DPMS model, clients open demat accounts with the approved custodian, and all trading activities are executed through empanelled brokers. Clients also grant Power of Attorney (POA) to the Portfolio Manager to facilitate transactions that are expressly consented by them. The securities purchased under DPMS remain in the client's beneficial ownership and are held in the client's name in the demat account with the approved custodian. A prospective client has sought clarification on whether they can pledge securities held in their demat account (purchased through the DPMS framework). Upon reviewing the PMS Regulations, 2020, and the related circulars, we could not trace any explicit regulatory guidance on the permissibility or treatment of client initiated pledging of such securities. Since the securities form part of the **PMS managed portfolio**, we request your consideration and guidance on the following points:

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<tr><td></td><td><u>Points for Clarification</u>

1. Whether a Portfolio Manager may permit a client to pledge securities held in the client's demat account under the DPMS framework, either directly by the client or through instructions routed via the Portfolio Manager to the Custodian, considering that these securities are the client's property and remain in the client's beneficiary account and that such pledge is initiated solely at the client's discretion for the client's own benefit, not for the benefit of the Portfolio Manager.

2. Whether such pledge by the client would in any manner be construed as borrowing of funds or securities by the portfolio manager on behalf of the client, as restricted under Regulation 23(8) of the SEBI (Portfolio Managers) Regulations, 2020.

3. Whether the market value of securities pledged by the client may continue to be included in the Portfolio Manager's Assets Under Management (AUM) and reflected in regulatory reporting, given that the beneficial ownership of the securities remains with the client and the act of pledging does not alter such ownership.

4. Whether any specific disclosures or risk warnings are required to be provided by the Portfolio Manager to the client regarding the risks associated with pledging of securities, including but not limited to the risk of invocation of pledge and loss of securities.

5. Whether the Portfolio Manager is required to intimate SEBI or the Custodian regarding such pledging arrangements entered into by the client.

6. Any other precautions which we have to take to be compliant with SEBI Regulations.</td></tr>
<tr><td>Whether confidentiality is required under Paragraph 15 of the Scheme</td><td>No</td></tr>
<tr><td>Contact details of the Applicant</td><td>pawan.virodiya@shareindia.com
Mobile No. 9555898688</td></tr>
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In view of the above, we request your guidance on the permissibility and regulatory implications of the aforesaid arrangement under the SEBI (Portfolio Managers) Regulations, 2020. The clarification will assist us in ensuring that our operations remain fully compliant with the applicable regulatory framework.

For Share India Securities Ltd.
Portfolio Manager - INP000009427

BHAVYA SURESH VORA
Digitally signed by BHAVYA SURESH VORA
Date: 2026.06.22 11:07:23 +05'30'

Bhavya Vora
Principal Officer