



# SUNDARAM ALTERNATES

September 25, 2020

To,  
The Investment Management Department  
Division of Funds 1  
Securities and Exchange Board of India (SEBI)  
SEBI Bhavan  
Plot No.C4 -A, 'G' Block  
Bandra Kurla Complex  
Bandra (East)  
Mumbai 400 051

Kind Attn: Mr Naveen Sharma, General Manager

Sub: Request for interpretive letter under SEBI (Informal Guidance) Scheme, 2003

Dear Sir,

## I. Background

Sundaram Alternate Assets Limited (the "**Applicant**") is registered with Securities and Exchange Board of India (SEBI) as a Portfolio Manager vide Registration No.INP000006271.

The Applicant is also the Fund Manager for (a) Sundaram Alternative Investment Trust, a Category III Alternative Investment Fund registered with SEBI vide Registration No.IN/AIF3/16-17/0291 and (b) Sundaram Category II Alternative Investment Fund registered with SEBI vide Registration No.IN/AIF2/17-18/0340 under SEBI (Alternative Investment Funds) Regulations 2012.

The Applicant while operating as Portfolio Manager have come across certain queries for which they desire SEBI's guidance.

Therefore, the applicant being Portfolio Manager registered with SEBI, makes this request for an interpretive letter under SEBI (Informal Guidance) Scheme 2003 (Informal Guidance Scheme).

## II Guidance Sought

- A. Regulation 4 of SEBI (Investment Advisers) Regulations, 2013 interalia exempts the following entities from registration under the said Act:



### Sundaram Alternate Assets Limited

Corporate Office : Sundaram Towers, 1<sup>st</sup> & 2<sup>nd</sup> Floor, Door No. 46, Whites Road, Royapettah, Chennai - 600 014, India.

Phone: +91 44 28510040, 28569900 Fax: +91 44 28418108 E-mail: spmsupport@sundaramalternates.com Website: www.sundaramalternates.com

Regd. Office: 21, Patullos Road, Chennai - 600 002, India. CIN: U65990TN2018PLC120641



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4. The following persons shall not be required to seek registration under regulation 3 subject to the fulfillment of the conditions stipulated therefor,

- (g) Any stock broker or sub-broker registered under SEBI (Stock Broker and Sub-Broker) Regulations, 1992, portfolio manager registered under SEBI (Portfolio Managers) Regulations, 1993 or merchant banker registered under SEBI (Merchant Bankers) Regulations, 1992, who provides any investment advice to its clients incidental to their primary activity:

*Provided that such intermediaries shall comply with the general obligation(s) and responsibilities as specified in Chapter III of these regulations:*

- (h) Any fund manager, by whatever name called of a mutual fund, alternative investment fund or any other intermediary or entity registered with the Board;

Frequently Asked Questions issued by SEBI on SEBI (Investment Advisers) Regulations, 2013 clarifies as under:

"18. What does 'incidental activity mean' with respect of Portfolio Manager and whether they can offer only investment advisory services?"

*Portfolio Managers registered under SEBI (Portfolio Managers) Regulations, 1993 can only provide advisory services to its clients as per the terms of the portfolio management agreement entered between the client and the portfolio manager."*

**As we are also fund manager for alternative investment funds covered under Regulation 4(h), we are of the view that no separate registration is required under SEBI (Investment Advisers) Regulations, 2013 in order to render advisory services to general investors. However, we are required to comply with general obligations and responsibilities as specified under Chapter III of SEBI (Investment Advisers) Regulations, 2013. Please confirm whether our understanding is correct.**

- B. Regulation 2 (1) (o) of SEBI (Portfolio Managers) Regulations, 2020 defines Portfolio Manager as under:

*"portfolio manager" means a body corporate, which pursuant to a contract with a client, **advises** or directs or undertakes on behalf of the client (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or goods or funds of the client, as the case may be:*



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Further, Regulation 23 (2) provides as under:

*"The portfolio manager shall not accept from the client, funds or securities worth less than fifty lakh rupees:*

*Provided that the minimum investment amount per client shall be applicable for new clients and fresh investments by existing clients:*

*Provided further that existing investments of clients, as on the date of notification of the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, may continue as such till maturity of the investment or as specified by the Board."*

**As the definition of the Portfolio Manager includes the word "advises", please clarify whether the minimum investment amount per client of Rs.50 lakhs would also apply to advisory services.**

### C. Fees

As per the requirements prescribed under the Informal Guidance Scheme, we attach a demand draft for Rs.25,000/- (Rupees Twenty Five Thousand only) in favour of "Securities and Exchange Board of India" payable at Mumbai.

### D. Confidentiality

We waive the option to request for confidential treatment of this application for an interpretive letter under Paragraph 11 of the Informal Guidance Scheme.

We request you to kindly issue an interpretive letter under the provisions of paragraph 4 of the scheme. In the event that you require any clarifications or further information in this regard, we request you to kindly contact the undersigned:

Name: K Rajagopal

Designation: Secretary & Compliance Officer

Address: Sundaram Alternate Assets Limited, Sundaram Towers, I Floor, No.46, Whites Road, Royapettah, Chennai 600 014

Email: [rajagopalk@sundaramalternates.com](mailto:rajagopalk@sundaramalternates.com)

Phone: 9940588333

Yours sincerely,  
For Sundaram Alternate Assets Limited

  
K Rajagopal  
Secretary & Compliance Officer



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